MT LEGISLATIVE HISTORY

Chapter 350 1981

Bill H 561 S _____ Original bill & hist. ___C

H. Committee on Tax S. Committee on Tax

Hearing Date(s)	2-16	___C	Hearing Date(s)	3-23	___C
	_____	___C		3-24	___C
	_____	___C		3-26	___C
	_____	___C		_____	___C
Date Out	3-10	___C		3-26	___C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

TAXATION COMMITTEE

47th Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 552	To provide for a 3 year exemption from the severance tax on oil and gas for natural gas produced from a well 5000 feet or deeper	Jan 29	Spoush	Feb 12	Do Pass as amended 1 opposed Feb 13	
HB 559	To replace the percent income surtax with a graduated percentage surtax varying with adjusted gross income.	Jan 29	Neuman	Feb 3		
HB 561	To extend the current 5 year property revaluation cycle for an additional 2 years and to provide for the validity of assessments and taxes during this extended cycle.	Jan 29	Sivertsen	Feb 16	Do Pass unan March 10	March 11
HB 579	To provide a means to determine annually the amount of tax to be levied against fire insurance premiums	Jan 30	Vincent	Feb 11	Do Not pass unan Feb 13	
HB 589	To remove the termination date for the application of class 4 property taxation to land owned by a non-profit taxation corporation and used for golfing purposes	Jan 30	Pavlovich	Cancelled	at the request of	sponsor
HB 591	To include certain multiple unit housing projects in class four for proerty tax purposes	Jan 31	Harper	Feb 13	Do not pass 1 opposed Feb 17	

The Committee then took a five minute recess.

HOUSE BILL 561, sponsored by Rep. Bob Sivertsen, was then heard. This bill deals with a problem that the State has had for some time in regards to its last appraisal done in 1975 and the problem that has arisen since then. As a result of the appraisal, the "34%" case came about. At present, we are two years into the second cyclical appraisal, and have only 5% of the properties reappraised. (1) we could hire a number of extra employees and handle the matter the same as the last time; or (2) the time frame could be extended and perhaps a better job could be done, which might eliminate some of the problems faced in the past. This bill will extend the appraisal cycle for two years. There are some benefits by doing this and also some problems. The benefits: (1) ability to spread cost over a longer time period; therefore early draw from the General Fund would be less; (2) the division could utilize a more thorough training program. A reduction in courthouse space allocation would also occur. The consequence of taking more time would be a better product. The detriments of the act would be: (1) continued erosion of local tax bases will occur; market value will not be reflected accurately. An extension of the cycle would accentuate the existing inequities. Continued use would trigger additional litigation. Also, maybe an extension would meet a legal challenge; (2) annually assessed properties will remain curren and these cyclically assessed properties would not. Also a longer assessment period would cause difficulties in estimating accrued depreciation.

Additional personnel needed to do the appraisal in the five years would amount to about 407 additional FTE; additional personnel needed for a seven year appraisal would mean about 214 FTE. A five-year appraisal would amount to about $18.5 million and the two year extension would amount to about $10.5 million.

Ellen Feaver, Director of the Department of Revenue, then spoke. The reason for the reappraisal program is to achieve equity among property owners; getting everybody on the tax rolls and the tax base equalized is the goal. A proposal has been presented to the Budget Committee which assumes the deadline extension will be approved. A three-mill levy can fund this, but the Budget Committee wasn't receptive to this and would prefer paying from the General Fund. There are sophisticate approaches to come up with the best estimate of market value, and they propose to use them. The reason the Department of Revenue had trouble with litigation was because they didn't take a proper approach the last cycle. Hopefully, the Committee will end up with legislation that will do away with assessment of vehicles, because that would free up people to devote themselves to other kinds of assessment. She expressed willingness to address the issue of self-assessment if the Committee had any questions.

Jack Gribble, Administrator, Property Tax Division, Department of Revenue, then rose in support of the bill. He submitted that the State's approach to appraisal was ahead of many other States. He

gave a history of the background of this problem. After the Constitution was changed assessors became agents for the Department of Revenue, and the Property Tax Assessment Division was created, which looked at what property was in the Counties and in what state of repair the initial appraisals were. The Counties were mandated to update their appraisals.

In 1975 the five-year reappraisal cycle was initiated. Initial plans indicated that 20% of the appraisals would be done each year. The plan was challenged, and the Supreme Court said the process used to adopt the plan was weak, and it was negated. The Department of Revenue then announced that all appraisals would be rolled back. In 1977, funds were appropriated to enable the Division to finish their project by the end of 1978. So the start of the current cycle was January 1, 1979, and it was to be completed December 31, 1983. The last Legislative session was presented with a recommendation from the Budget Office calling for appraisal of 100,000 properties every year and funding was provided. However, there are 2.5 million pieces of property that need appraisal, so not nearly enough money was provided. 3 - 5% of the reappraisal values have thus far been completed. Training of relatively unskilled people takes at least one year. If the Department has to do this in 2 1/2 years, effectively, then they have only 1 1/2 years to make use of the person. If the cycle is extended, they then have 3 1/2 years to use them. He stressed that the people would be doing work while being trained, but it wouldn't be important until they were fully trained. If the cycle is extended the task can be accomplished. But if they are forced to do it in the existing cycle, staff will have to be doubled, and the product will be unequal with the quality that could be had if the cycle were extended.

He stated that he would like to create a pattern which can re-utilize previous information. They propose to create a data bank for the information. If they have to appraise without an extension, however, this wouldn't be possible to institute.

An overhead presentation was then made which exemplified the task they had before them; see Exhibit "H." What they have to do is never going to end as long as the tax laws of Montana stay the same. By the time they are done, they have to start over again.

Mr. Gribble said that personally, he felt that at some point in the future they will have to come up with an annual cycle. There are States where the courts ordered reappraisals to be done in 1 - 2 years. If a data base was made, this might make it possible to cut down the length of the appraisal cycles.

Dennis Burr, Montana Taxpayers' Association, then spoke. When property was reevaluated in 1978, a number of people appealed their taxes. The State Tax Appeals Board decided that because of the use of two separate appraisal manuals, there was a discrepancy, and it was decided that 34% should be the reduction on all commercial properties in the State. A lot of cases were instituted which were unfounded, as a

result, since there was such a blanket action on the part of the Board. This problem is not resolved, because the Supreme Court remanded the decision which set off a whole series of "remandments." Personally, he sees a 12% discrepancy. The Department of Revenue now has to do something to correct the problem. The remand has been appealed to the Supreme Court. The Taxpayers' Association feels the Department is obligated to take some type of action to solve the "34%" case. If this is done, the Taxpayers' Association has no reason to object to extending the cycle two years, but they don't think the Legislature should consider extending the cycle until the Department takes some action to solve the "34%" case.

Questions were then asked. It was brought out that most of the appraisers were residents of the County they were hired for. Most of these people are not experienced, because of the low salaries (Grade 9) they are offered.

In response to a question from Rep. Harp, Mr. Gribble stated that the yearly budget for appraisals for the Department of Revenue was about $5 million. $26 million for the biennium would give them enough people to do the job in the first two years of the 4 1/2 year cycle.

Mr. Gribble explained that all appraisals went on the books simultaneously. Rep. Sivertsen added that the problem was that what is reappraised in 1982 is going to be different than the one done in 1985 because of the values of that property. For this cycle, the effective date of the appraisal has been set at January 1, 1979, so every appraisal will reflect values as of that date. Those values will remain on the books until the entire cycle is completed.

Rep. Neuman asked Mr. Gribble what the average percentage increase was from cycle to cycle on property values. He stated that the last cycle reflected values as of about 1960, and in addition there were three different appraisal manuals that the State Board of Equalization put together during that time. Some of the counties ended up having three levels of appraisals. Therefore the question is impossible to answer.

Rep. Switzer asked Ms. Feaver if there was a solution to the "34%" case. She replied that attorneys representing most of the appellants have been met with to try to settle the cases. They could not arrive at any solution, however. They then decided to work with the Legislature to try and address the problem. Legislation is being proposed and will be heard in the Senate. They have ideas on how to resolve the litigation and will be working with the special Legislative Committee to arrive at a solution.

Rep. Williams asked Mr. Gribble if the Special Committee would be opposed to separating commercial property from residential into two different classes. Mr. Gribble replied that that was in concurrence with a bill before the Legislature at present.

Rep. Switzer asked Mr. Gribble when he hoped to be able to go to annual appraisals. Mr. Gribble said once they had the information gathered and stored in the data base, they would be able to retrieve, compare, and analyze complete updates; however, physical reviews will still be needed to confirm the figures.

Rep. Nordtvedt asked Ms. Feaver about missing property not on the tax rolls. She pointed out that not all property was visited; in addition, it is possible that houses were built on some property and weren't discovered. She added that there is a potential for doubling the tax base if all property could actually be on the rolls that exists right now.

Rep. Nordtvedt then asked her to address the problem of variations on appraisals. He asked her if going through the system, variations could be significantly reduced that were found in the last sales ratio study. She replied that most of all the single procedure litigation could be reduced. They believe they could do a better job and therefore the percentage would be reduced. A lot also depends on the economy.

Rep. Nordtvedt asked if Statewide mill levies were eliminated from the tax laws, would there be much need left for having statewide appraisal. Ms. Feaver replied that much of the need for equalization would be eliminated.

Rep. Devlin wanted to know if a different set of books was used depending on the location of the property and Mr. Gribble said the same manual was used, but a local index was also applied. Physical depreciation, functional obsolescense, and economic obsolescence are the three factors taken into consideration. He would like to see a Montana Appraisal Manual set up. He thinks a mechanism can be set up for monitoring to generate their own appraisal manual.

Rep. Sivertsen then closed. This is a very complicated subject; this bill will help solve the "34%" issue. He said he didn't want to see the State stampeded into another cyclical appraisal and run into the same problems it presently faces. The present situation is costing both the taxpayers and the Department of Revenue. An appeals process shouldn't be needed to take care of inequities; maybe this bill will help to deal with the situation in a better way. The hearing on HB 561 was then closed.

Rep. Sivertsen announced that the Fee Bill Subcommittee would meet upon adjournment of Taxation on Thursday, February 19.

The meeting was adjourned at 11:00 a.m.

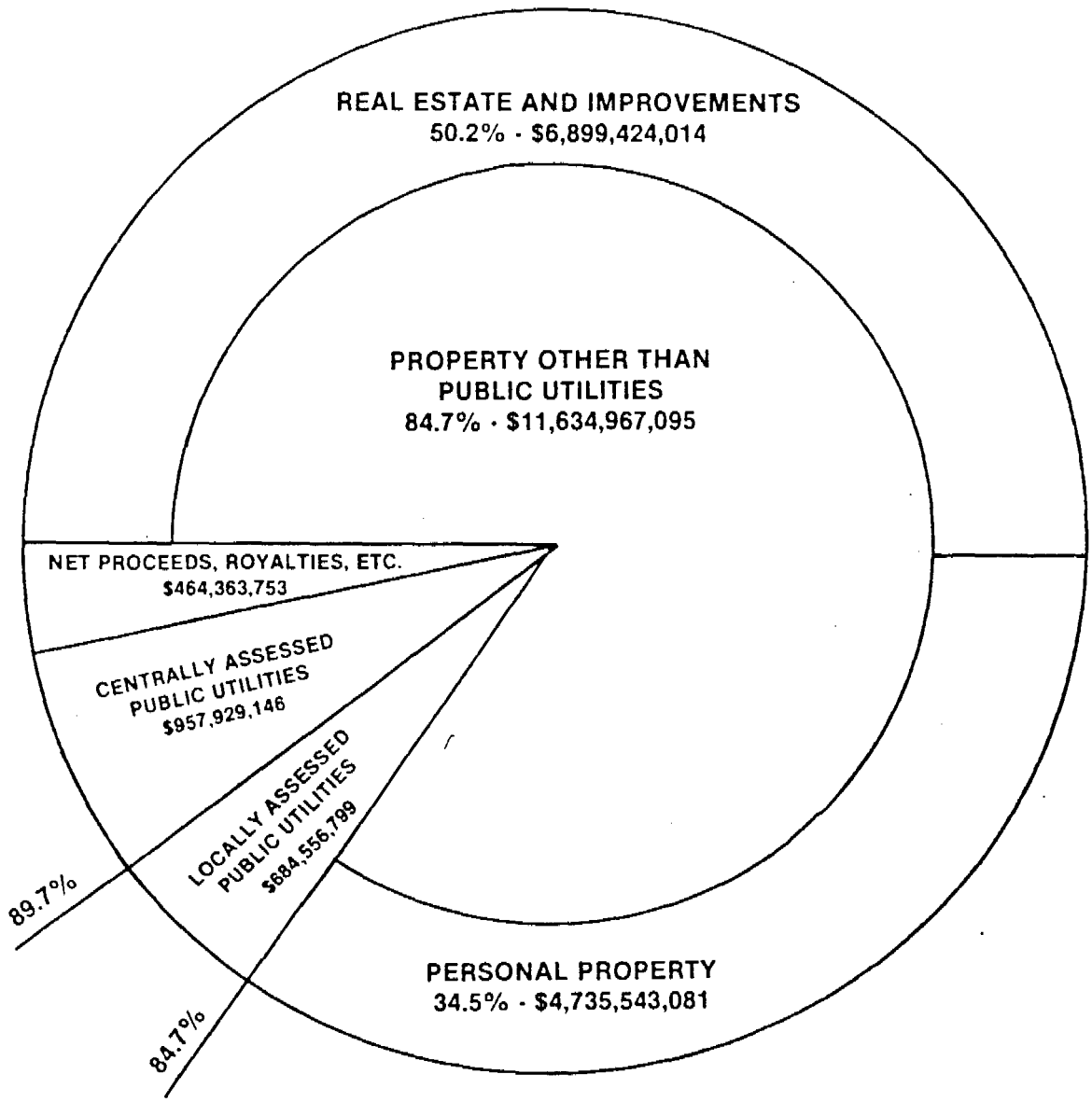
Ken Nordtvedt

Rep. Ken Nordtvedt, Chairman

da

EXHIBIT "A"

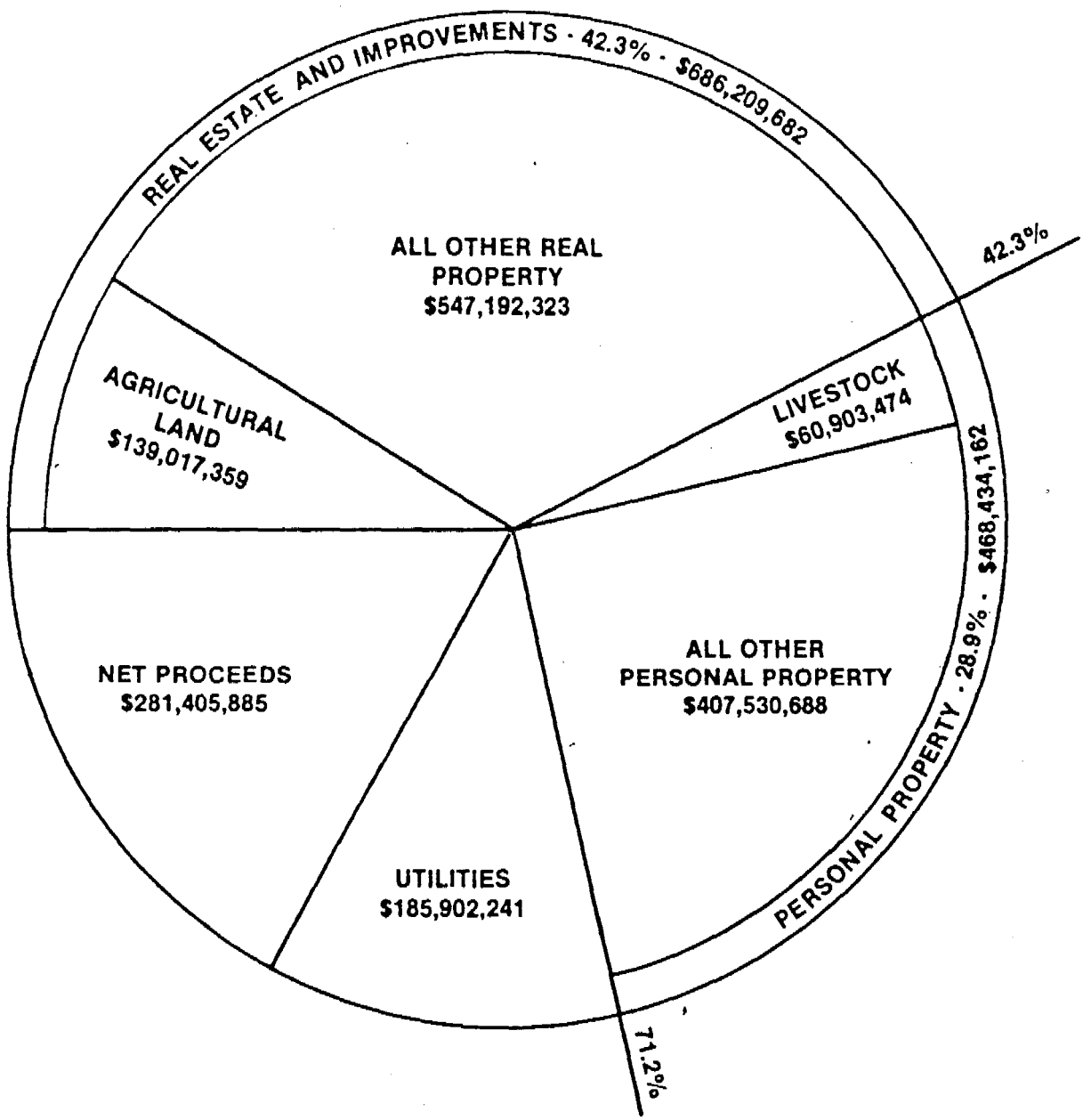
ANALYSIS OF ASSESSMENT VALUATION OF STATE — 1979
TOTAL ASSESSED VALUED — $13,741,816,793



SOURCE: Report of the State Dept. of Revenue

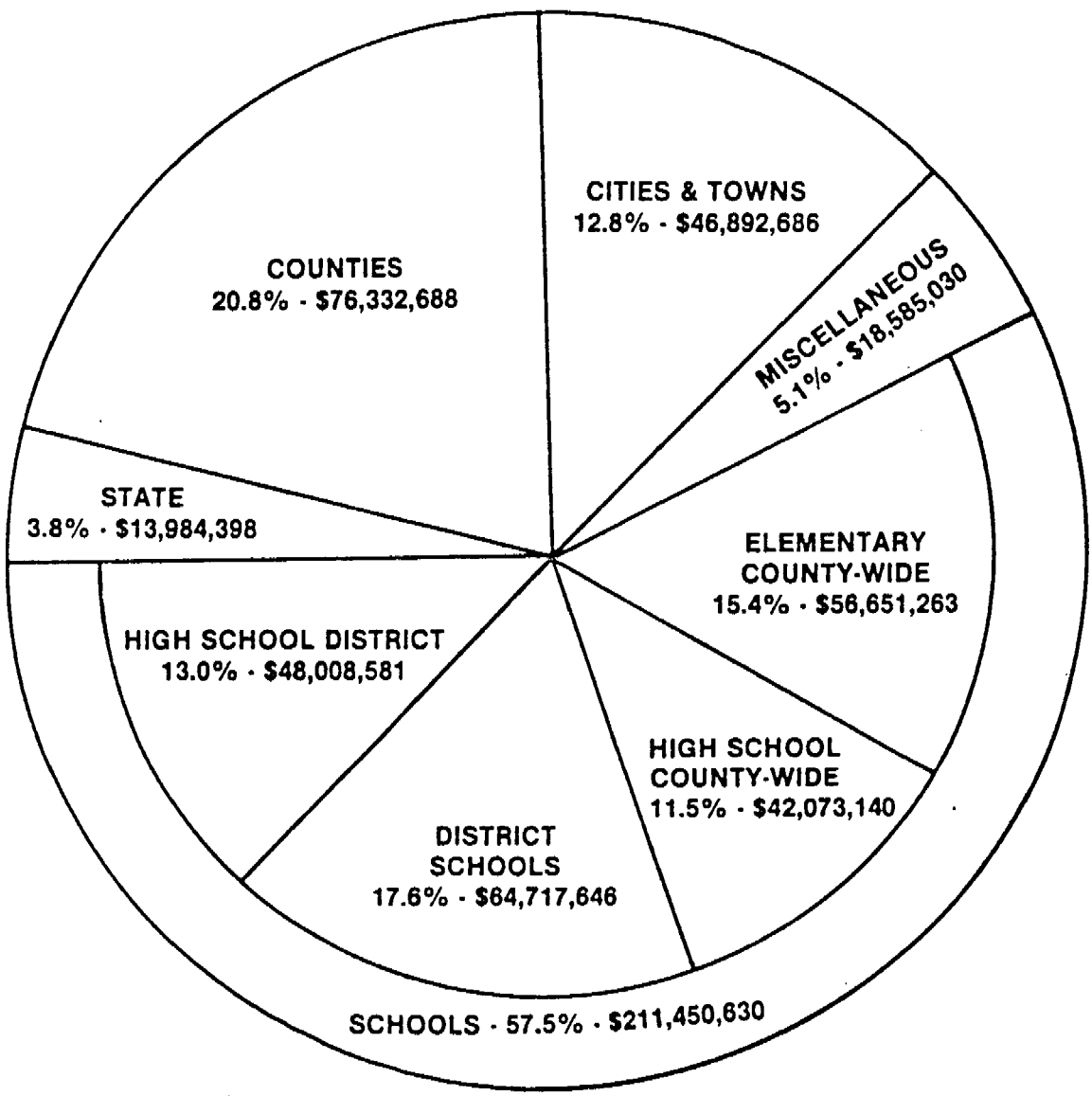
11

ANALYSIS OF TAXABLE VALUATION OF STATE — 1979
TOTAL TAXABLE VALUE — $1,621,951,970



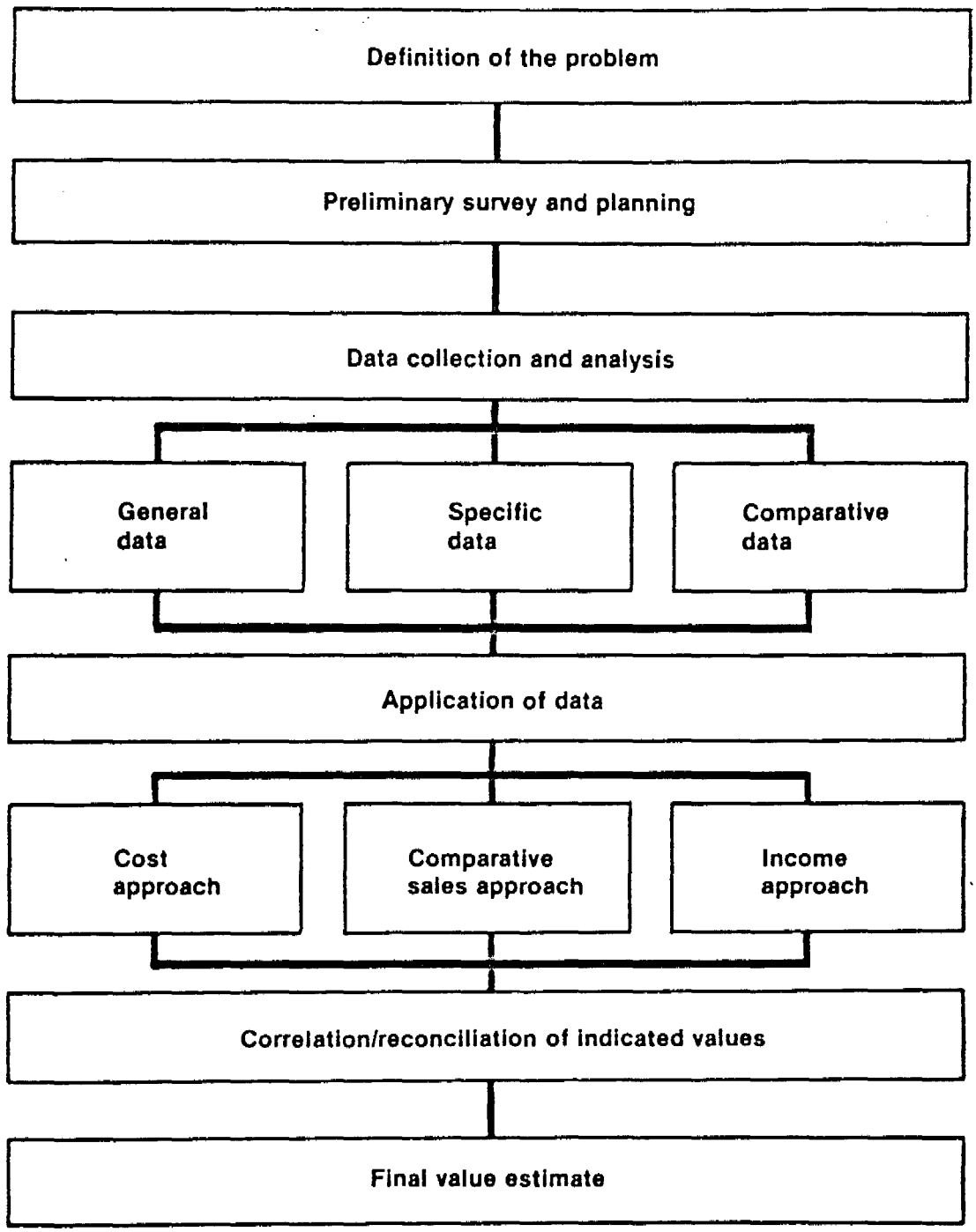
SOURCE: Report of the State Dept. of Revenue

ALLOCATION OF TAXES LEVIED WITHIN STATE — 1979
TOTAL TAXES LEVIED — $367,245,432

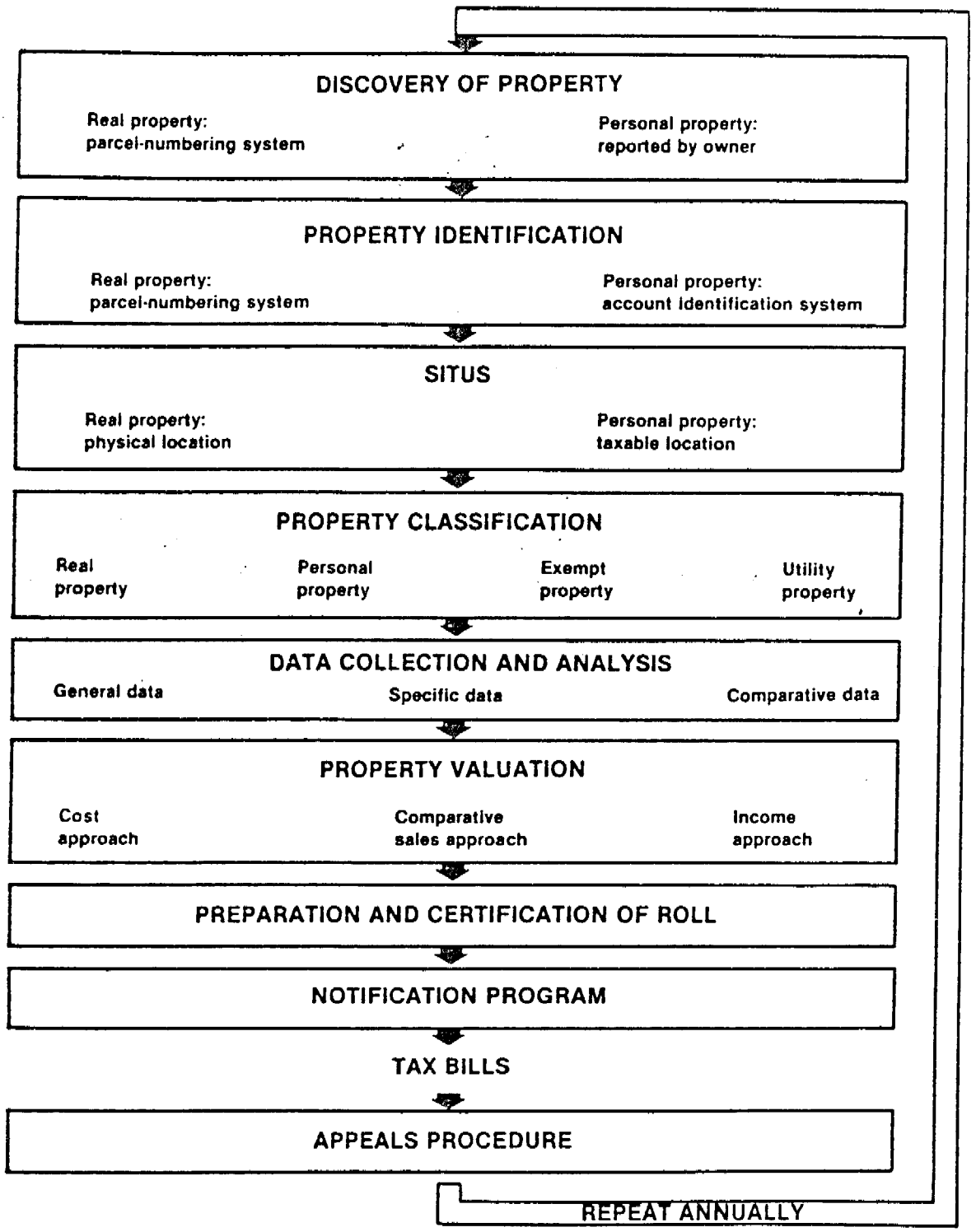


SOURCE: Report of the State Dept. of Revenue

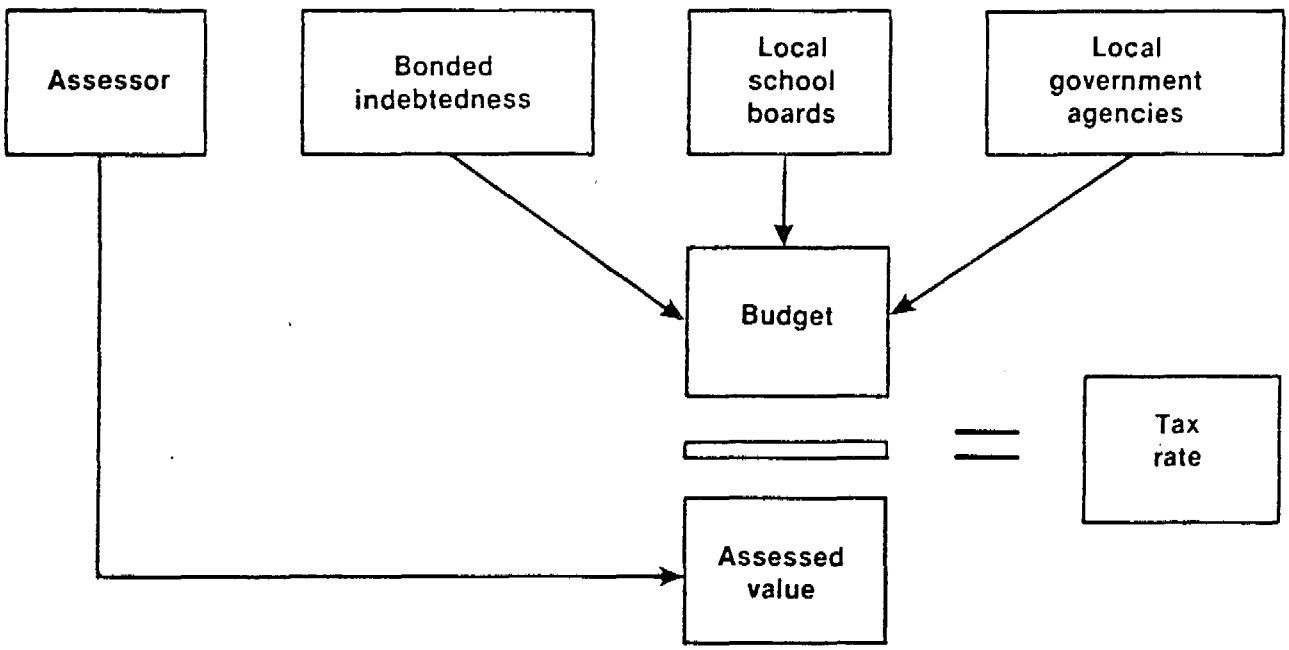
The Appraisal Process

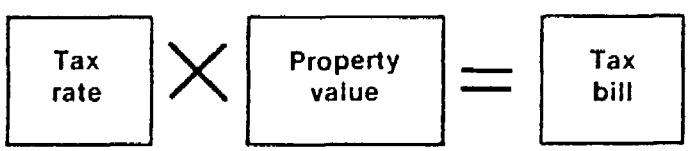


The Assessment Process

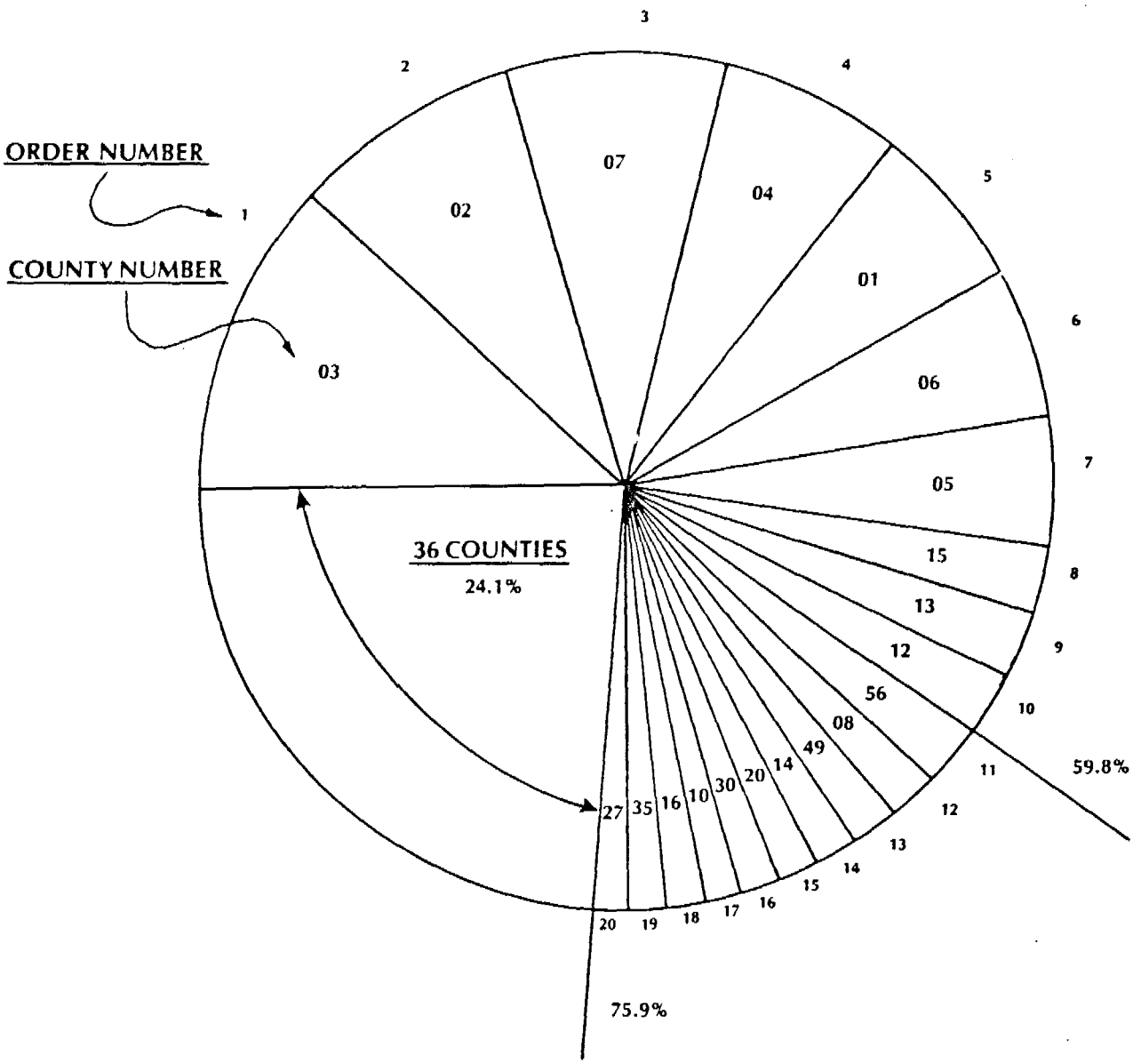


The Determination of a Tax Bill





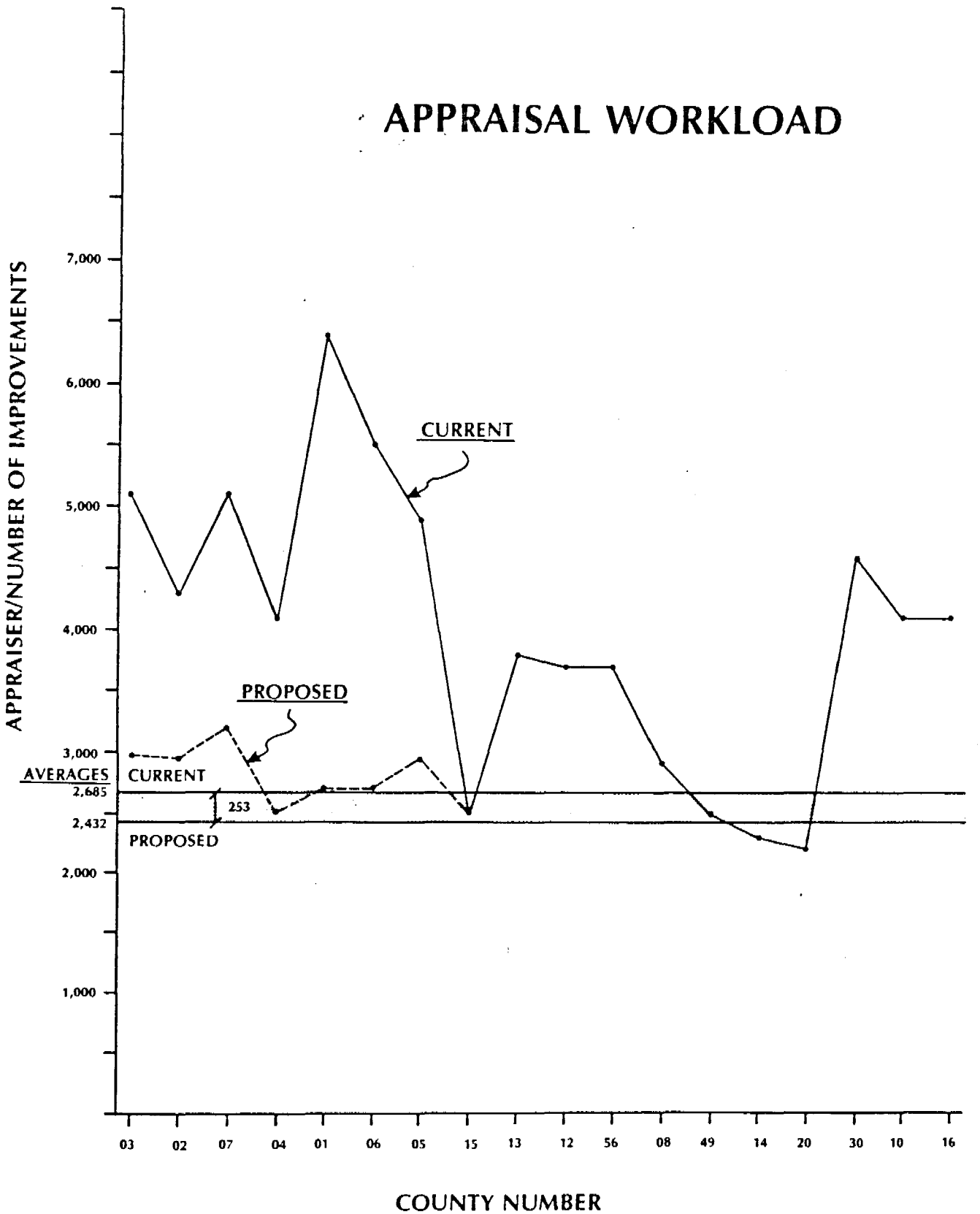
% OF THE IMPROVEMENTS WITHIN A COUNTY OF THE TOTAL IMPROVEMENTS WITHIN THE STATE

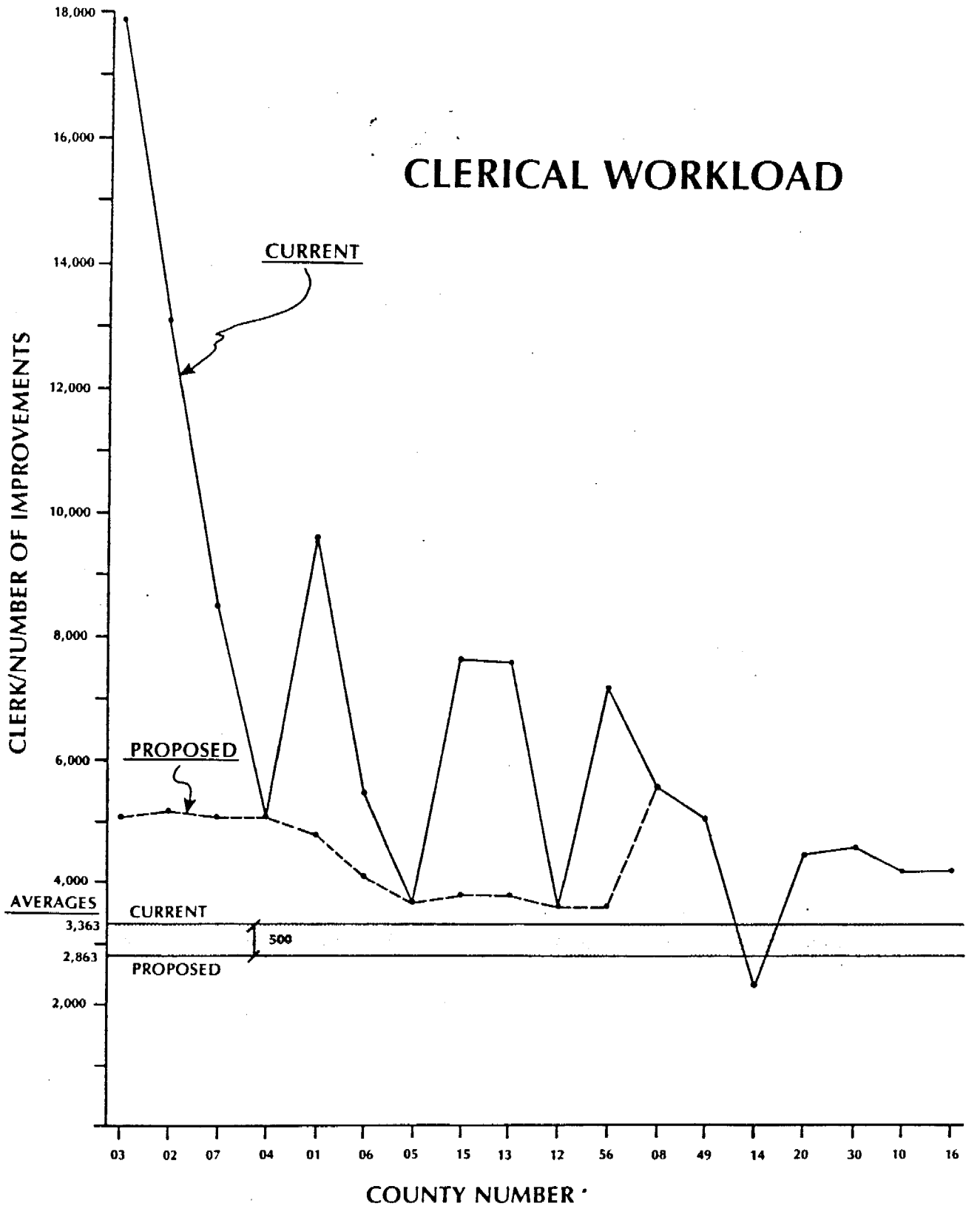


APPRAISER/CLERK WORKLOADS

		CURRENT FUNDING				PROPOSED FUNDING			
	Improvement Parcels	Clerk	Appraiser	Parcels / Clerk	Parcels / Appraiser	Clerk	Appraiser	Parcels / Clerk	Parcels / Appraiser
1. Beaverhead	3,509	1	1	3,509	3,509	1	1	3,509	3,509
2 Big Horn	2,753	1	2	2,753	1,377	1	2	2,753	1,377
3 Blaine	2,020	1	1	2,020	2,020	1	1	2,020	2,020
4 Broadwater	1,230	1	1	1,230	1,230	1	1	1,230	1,230
5 Carbon	4,246	1	1	4,246	4,246	1	1	4,246	4,246
6 Carter	871	0	1	---	871	1	1	871	871
7 Cascade	26,346	2	6	13,173	4,391	5	9	5,269	2,927
8 Chouteau	3,567	1	1	3,567	3,567	1	1	3,567	3,567
9. Custer	4,778	2	2	2,389	2,389	2	2	2,389	2,389
10 Daniels	1,828	1	1	1,828	1,828	1	1	1,828	1,828
11. Dawson	4,215	1	1	4,215	4,215	1	1	4,215	4,215
12. Deer Lodge	4,684	1	1	4,684	4,684	1	1	4,684	4,684
13. Fallon	1,998	0	1	---	1,998	1	1	1,998	1,998
14 Fergus	5,690	1	2	5,690	2,845	1	2	5,690	2,845
15. Flathead	25,697	3	5	8,566	5,139	5	8	5,139	3,212
16. Gallatin	16,579	3	3	5,526	5,526	4	6	4,145	2,763
17. Garfield	995	0	1	---	995	1	1	995	995
18. Glacier	3,299	1	1	3,299	3,299	1	1	3,299	3,299
19 Golden Valley	957	0	1	---	957	1	1	957	957
20. Granite	1,540	0	1	---	1,540	1	1	1,540	1,540
21. Hill	7,234	2	2	3,617	3,617	2	2	3,617	3,617
22. Jefferson	2,380	1	1	2,380	2,380	1	1	2,380	2,380
23. Judith Basin	1,713	1	1	1,713	1,713	1	1	1,713	1,713
24. Lake	7,711	1	3	7,711	2,570	2	3	3,856	2,570
25. Lewis and Clark	14,946	4	3	3,737	4,982	4	5	3,737	2,989
26 Liberty	1,357	1	1	1,357	1,357	1	1	1,357	1,357
27. Lincoln	7,296	1	2	7,296	3,648	2	2	3,648	3,648
28. Madison	2,926	1	1	2,926	2,926	1	1	2,926	2,926
29. McCone	2,379	1	1	2,379	2,379	1	1	2,379	2,379
30. Meagher	1,142	1	1	1,142	1,142	1	1	1,142	1,142
31. Mineral	1,178	1	1	1,178	1,178	1	1	1,178	1,178
32. Missoula	20,719	4	5	5,180	4,144	4	8	5,180	2,590
33. Musselshell	2,196	1	1	2,196	2,196	1	1	2,196	2,196
34. Park	5,119	1	2	5,119	2,560	1	2	5,119	2,560
35. Petroleum	364	0	0	---	---	0	0	---	---
36 Phillips	2,511	1	1	2,511	2,511	1	1	2,511	2,511
37. Pondera	2,857	1	1	2,857	2,857	1	1	2,857	2,857
38. Powder River	1,014	0	1	---	1,014	1	1	1,014	1,014
39. Powell	2,731	1	1	2,731	2,731	1	1	2,731	2,731
40. Prairie	963	0	1	---	963	1	1	963	963
41. Ravalli	7,651	1	2	7,651	3,826	2	2	3,826	3,826
42. Richland	4,012	1	1	4,012	4,012	1	1	4,012	4,012
43. Roosevelt	3,575	1	1	3,575	3,575	1	1	3,575	3,575
44. Rosebud	2,914	0	1	---	2,914	1	1	2,914	2,914
45. Sanders	4,199	1	1	4,199	4,199	1	1	4,199	4,199
46. Sheridan	3,307	1	1	3,307	3,307	1	1	3,307	3,307
47. Silver Bow	19,239	2	3	9,620	6,413	4	7	4,810	2,748
48. Stillwater	3,099	1	1	3,099	3,099	1	1	3,099	3,099
49. Sweet Grass	1,342	1	0	1,342	---	1	1	1,342	1,342
50. Teton	3,427	1	1	3,427	3,427	1	1	3,427	3,427
51. Toole	2,864	1	1	2,864	2,864	1	1	2,864	2,864
52. Treasure	342	0	1	---	342	1	1	342	342
53. Valley	4,529	1	2	4,529	2,265	1	2	4,529	2,265
54. Wheatland	1,245	0	2	---	623	1	2	1,245	623
55. Wibaux	902	0	1	---	902	1	1	902	902
56. Yellowstone	35,991	2	7	17,996	5,142	7	12	5,142	2,999
TOTAL	304,176	59	90	3,363.21	$\bar{X}$ 2,865.79	86	114	2,863.98	$\bar{X}$ 2,432.80
				3,366.56	S 1,485.25			1,465.43	S 1,116.52
TOTAL IMPROVEMENTS / CLERKS – APPRAISERS				5,155.53	3,379.73			3,536.93	2,668.21

APPRAISAL WORKLOAD




CLERICAL WORKLOAD
CLERK/NUMBER OF IMPROVEMENTS
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
CURRENT
PROPOSED
AVERAGES
CURRENT
3,363
500
2,863
PROPOSED
03
02
07
04
01
06
05
15
13
12
56
08
49
14
20
30
10
16
COUNTY NUMBER
(RANKED BY NUMBER OF IMPROVEMENTS WITHIN THE COUNTY)

MAJOR PROBLEMS CONFRONTING THE PROPERTY ASSESSMENT DIVISION

1) Lack of Adequate Personnel
   - Maintenance
   - Reappraisal
2) Poor Organizational Structure
   - Communication
   - Control
3) Insufficient Training and Education
   - Need for Professionalization
4) Low Salary Levels
5) Poor Quality Work Product
   - Not Current Market Value
6) Ever Increasing Defense Workload
   - Lack of Uniformity
   - Lack of Equity
7) Little Data Processing Support

CONVERSION OF PARCELS INTO STANDARD UNITS

PROPERTY TYPE	CONVERSION FACTOR	PARCELS	STANDARD UNITS
1) Urban Commercial Land	.95	48,580	46,151
2) Rural Commercial Land	.70	14,396	10,077
3) Urban Residential Land	.15	323,724	48,558
4) Rural Residential Land	.15	180,682	27,102
5) Agricultural Land	.05	1,438,407	71,920
6) State Owned Land	.05	126,674	6,333
7) Urban Commercial Improvements	3.90	24,579	95,858
8) Rural Commercial Improvements	2.65	10,182	26,982
9) Urban Residential Improvements	1.00	151,622	151,622
10) Rural Residential Improvements	1.10	69,514	76,465
11) Agricultural Improvements	1.45	48,285	70,013
12) Industrial Property	74.50	385	28,682
	Total Standard Units		659,763

CONVERSION OF STANDARD UNITS INTO WORK YEARS

$$\frac{\text{Standard Units} \times \text{Work Hours per Standard Unit}}{\text{Annual Effective Work Hours Per Employee}} = \text{Employee Work Years}$$

Work hours per standard unit = 1.965 hours
Annual effective work hours per employee = 1,665 hours

EXAMPLE

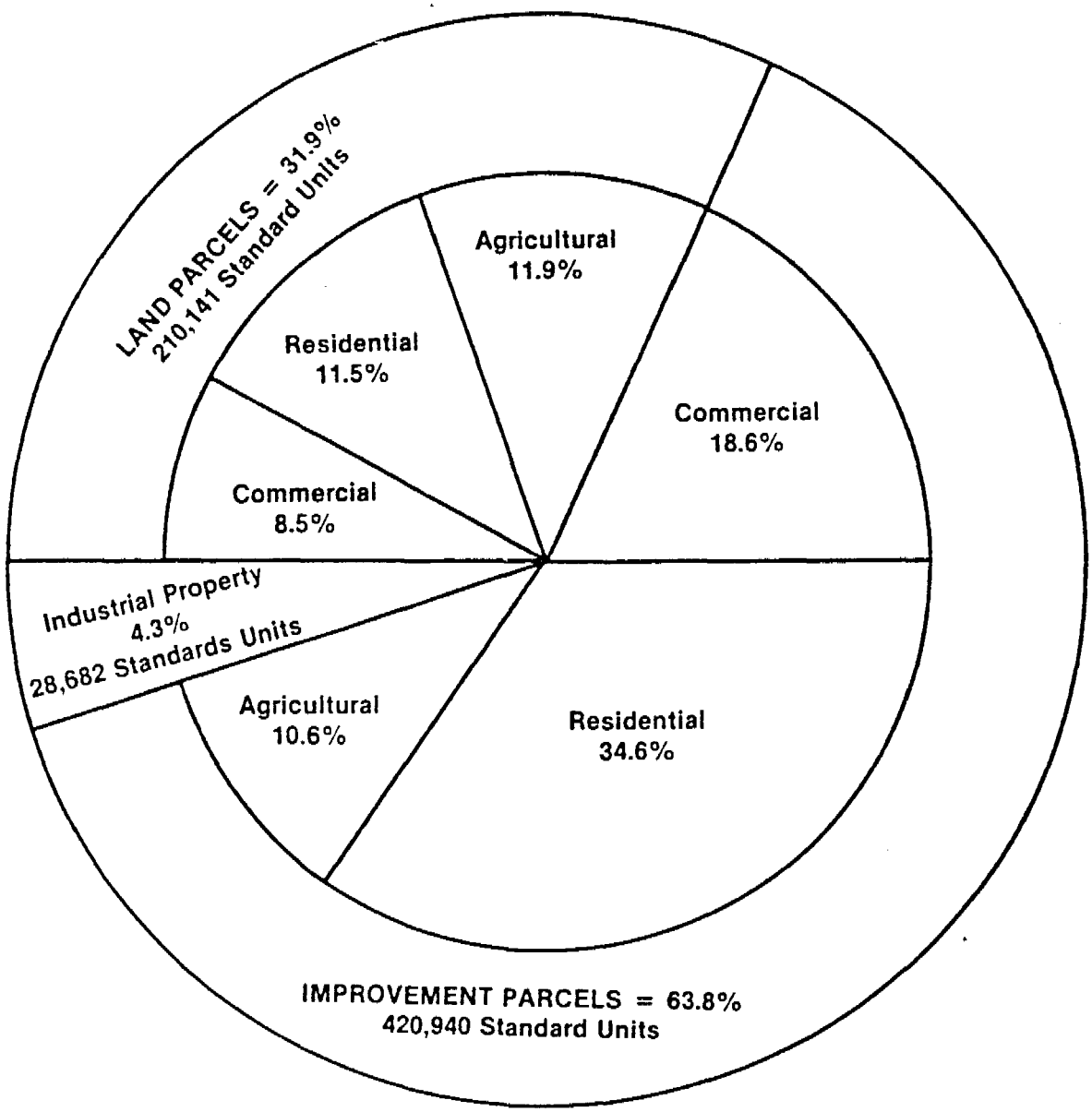
CONVERSION OF TOTAL REAPPRAISAL EFFORT INTO REQUIRED NUMBER OF EMPLOYEES

$$\frac{659{,}763 \times 1.965}{1{,}665 \text{ hours}} = 779 \text{ Total Employee Work Years}$$

779 yrs ÷ 4.5 years (length of extended cycle) = 173 Employees/Year

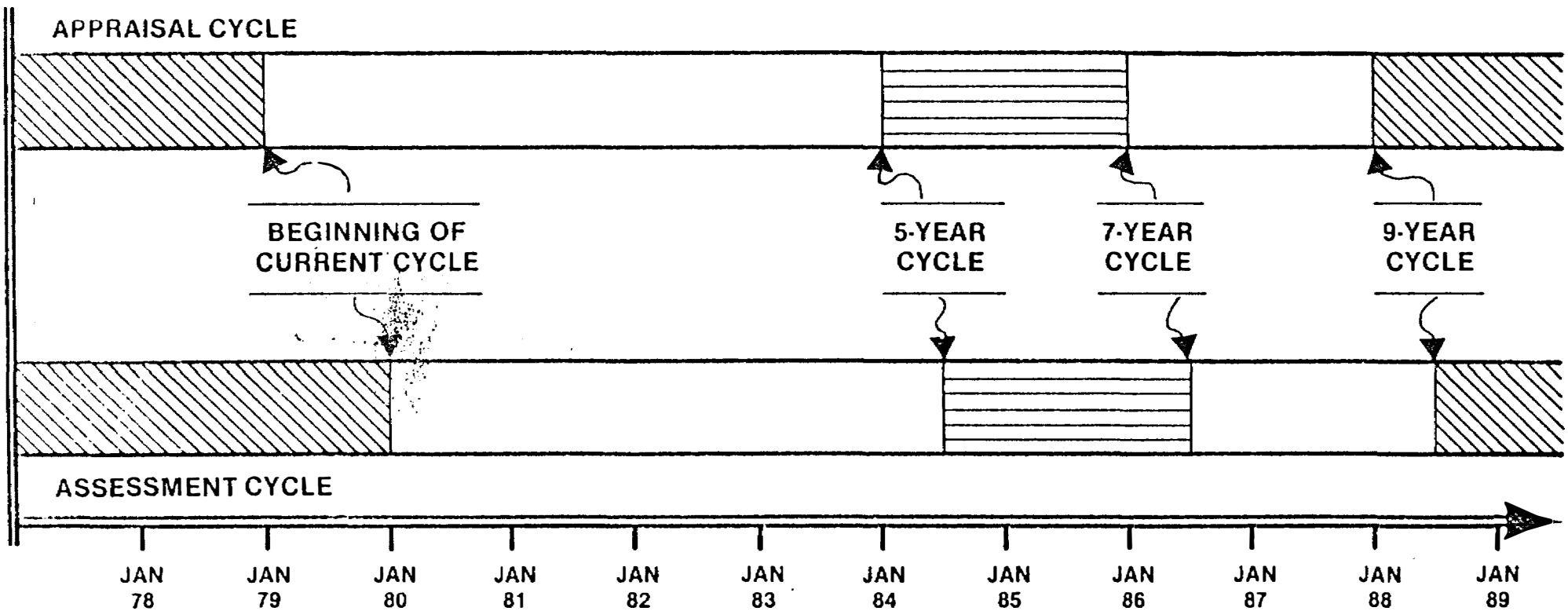
REAPPRAISAL WORK EXPRESSED IN STANDARD UNITS

659,763 TOTAL STANDARD UNITS



1 Standard Unit = 1.965 hrs = Time required to appraise an average residential building

TIME FRAMES OF VARIOUS CYCLES



STANDING COMMITTEE REPORT

March 11 19 81

MR. SPEAKER

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 561

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXTEND THE CURRENT 5-YEAR PROPERTY REVALUATION CYCLE FOR AN ADDITIONAL 2 YEARS AND TO PROVIDE FOR THE VALIDITY OF ASSESSMENTS AND TAXES DURING THIS EXTENDED CYCLE."

Respectfully report as follows: That HOUSE Bill No. 561

DO PASS

Chairman.

STATE PUB. CO.
Helena, Mont.

47th LEGISLATIVE SESSION

HOUSE BILLS

COMMITTEE ON TAXATION

BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
533	3-03-81	3-18-81						3-18-81	
539	3-03-81	3-18-81							3-18-81
540	3-03-81	3-18-81					3-18-81		
541	3-04-81	3-18-81	Tabled						
548	3-12-81	3-24-81	Tabled	3/31/81					
552	3-03-81	3-19-81					3-19-81		
561	3-18-81	3-23-81							3-24-81
561	3-26-81						3-26-81		
569	2-20-81	3-16-81					3-16-81		
581	2-16-81	3-16-81	Tabled						
609	4-08-81	4-13-81						4-14-81	
622	2-20-81	3-16-81					3-26-81		
629	3-06-81	3-19-81					3-19-81		
635	3-04-81	3-17-81					3-17-81		
640	3-04-81	3-20-81	Laid on table 3/24/81			Taken from committee 4-20-81			
654	3-04-81	3-20-81						4-03-81	

(Use Separate Sheet for Senate, House Bills, and Resolutions)

Senator S. Brown made a substitute motion that HB 36 BE NOT CONCURRED IN. Roll call vote resulted in 5 ayes and 8 noes.

A motion was made to amend HB 36. The motion carried with Senators Crippen, Goodover and McCallum dissenting.

Senator Elliott moved the bill as amended. Motion carried. Senator Towe will carry. (Vote was 8-5).

CONSIDERATION OF HOUSE BILL 561:

"AN ACT TO EXTEND THE CURRENT 5-YEAR PROPERTY REVALUATION CYCLE FOR AN ADDITIONAL 2 YEARS AND TO PROVIDE FOR THE VALIDITY OF ASSESSMENTS AND TAXES DURING THIS EXTENDED CYCLE."

Representative Sivertsen explained the bill deals with the re-appriasal cycle we are in. In solving some of the problems that exist, several alternatives are available. One is for a massive appraisal in order to finish the appraisal ending Jan. 1, 1979. We are almost 2 1/2 years into the cycle with 5% of the properties appraised. He is asking a two-year extension be made so we can do a proper job this time and eliminate some of the problems. If we stay with the current system and complete this by January 1, 1983, we would have to have an additional 407 FTE's. If we go to the 2-year extension, it has been estimated that 214 FTE's would be needed. (18 million). If two years, 10 million dollars.

PROPONENTS: Ellen Feaver: What we would end up with at this point is a crash program under which we could not guarantee we would have a more defensible problem than we do now. The job was done on a crash basis but we would submit that we have learned a lot and put together an approach for appraisal that will include all property.

This bill does not conflict with Senator Elliott's bill because his was amended to say after the current cycle it would be 10 years rather than 5 years. Once we are able to make a defensible appraisal we would be back to you anyway with a different approach toward reappraisal. We do not anticipate it would take these people once we have a defensible system and have a less costly means of doing the assessments. Since a lot of property is assessed on an annual basis, we would like to eventually see all property on a yearly basis.

OPPONENTS: None.

Sivertsen closed. About going to appraisals every year, the intent would not be to make more money because the legislature could come in at that time and adjust the taxing rate. The thing is to comply with the law. If we do not do this, I see a lot more legal cases along the road. I think the two-year extension would give an opportunity for DOR to train some people.

SEVERSON: 473 FTE's at 18 million dollars--to get it down to two years.

SIVERTSEN: By January 1, 1983.

SEVERSON: 214 FTE's, which is less than half. Is that for this biennium or the 4 years?

SIVERTSEN: For the biennium.

SEVERSON: Then the extension will cost more than the crash program. By extending you will be costing more money?

SIVERTSEN: I guess that is probably correct. One of the considerations is that the property is out there and has to be assessed.

SEVERSON: Jack Gribble would like to comment on that.

GRIBBLE: One thing we overlooked is that we would have to come back to the legislature during the next biennium and ask for another year at least.

SEVERSON: 18 million dollars won't do it in 2 years?

GRIBBLE: Yes, it will take 9 million dollars per year.

NORMAN: There was a number generally used around here that we have 5% of the property appraised.

GRIBBLE: Looking at values on the book now, that is probably correct.

NORMAN: So you want to hire another 200 people for 4 years. What would we get then if we didn't even try to keep up with what's on the tax rolls now. Would we get 100% of the property appraised then?

GRIBBLE: Estimates would show 50% complete in the two years.

NORMAN: What has substantially changed in the way you go about it?

GRIBBLE: At the completion of the last reappraisal, the state had 800 people employed in their evaluation process. When the values were put on the books the Governor's office requested funding for approximately 470 people on a permanent basis. The fiscal analyst took a look and said the project be returned to its normal status and recommended cutting 45 FTE's. The last request for funding included enough to do 100,000 per year. The fiscal analyst's office recommended that be eliminated altogether. The law has not changed at all. Demands on DOR are the same as 1975 but funding has been for half the staff. With 200 people per year that will bring us up so that we can take care of maintenance of the program and reappraise new ones.

NORMAN: In other words, we had an inadequate number of appraisers so only 5% is done. Now we will have twice as many for twice as long and get the job half done.

GRIBBLE: We will be able to do this for somewhere in the area of $10 per appraisal.

McCALLUM: When they finish up this time it will be an equitable appraisal? Do you feel the last one was?

SIVERTSEN: No, at the present time knowing what they inherited I think we have to give them some time to get the base, train the personnel, etc.

McCALLUM: You appeared in front of the interim finance committee last summer. What changes have you made to give us confidence that you are really going to put the thing to work?

GRIBBLE: We have frozen hiring of all personnel. We have a personnel budget of 5.9 million dollars. We are not even at full strength with 90 people right now. I am not saying we can work any miracles. If you decide you don't want to do that and establish some kind of legislative change so that the law will be phrased differently....

GOODOVER: You said go back to 1975 level. Is it that the 1975 level was equitable?

SIVERTSEN: That's when we got into the 34% cases. When I saw the 1978 inequities, I thought we should have rolled back to 1975.

GOODOVER: Would it be possible now to use the 1975 figures, write in an inflationary factor, and...

SIVERTSEN: 5-year cyclical.

CRIPPEN: It takes money to value on a statewide basis. I watched a program on TV and the Senate was discussing the same problem. They bagged the system in Utah and went back to a county system. I will vote against this because I think we have to go back to the county system. We will be encountering more and more problems.

TOWE: The county system was far more inequitable than this one because we do have a statewide basis. The foundation program doesn't allow us to do that. How is this appraisal system actually being implemented?

GRIBBLE: We are using 1973 values and those figures will continue to be used until 1985. Date for the current cycle is January 1, 1979.

TOWE: The property you are appraising right now, those that you have already gone through for the new cycle. What values are being used?

ANSWER: January 1, 1979 values are being used.

TOWE: What about new buildings that have been added. Do you determine on 1979 value for that?

GRIBBLE: Yes, that's the problem. When you are doing the problem in retrospect.

SEVERSON: You said 2 1/2 million pieces of property. How many taxpayers?

GRIBBLE: We can't figure because there are out-of-state property owners.

SEVERSON: With 2 1/2 million pieces of property you certainly have people with multiple pieces of property. How many appraisers have you?

GRIBBLE: 90

SEVERSON: What magnitude per person? It looks like you are making an awful big job.

GRIBBLE: We have about 28,000 properties per appraiser. We want to add 173 folks to our staff.

SEVERSON: What have the 90 been doing?

GRIBBLE: A number of functions, land and building analysis, measurements, structural detail.

SEVERSON: Why can't DOR come up with a program that this is the way you will make the appraisals and apply a factor to take care of inflation?

GRIBBLE: You can do that, but there is no base. In 1960 the last appraisal was completed. Individual counties were doing it. They hired people to do it. There is no uniform tax base. When they went to complete the last appraisal process they took 1960 data, transferred to new card and calculated value without even visiting the property. You can't really apply a factor and come up with something uniform.

McCALLUM: When you said automated in 1973, it was all going to be computerized and we appropriated money. No criticism, but I don't think even today you know where you are going.

GRIBBLE: I know where I am going if I get the money. I have done this program in all circumstances and we won't get it done unless the time is extended and the money is forthcoming.

SIVERTSEN: I don't think the legislature in 1975 took a good look. The information available in 1975 wasn't adequate, and that's why we used two different manuals. The legislature should look at what we are required to do by law, but let's help the DOR.

ECK: If we pass this and it would require 170 appraisers, are those figured in or not figured in?

FEAVER: This will be brought before the group who comprise the summit. The money is not in anybody's package, but the statute is there. There was a hearing on the appropriations last week and, as far as I know, it wasn't voted on.

TOWE: In fairness to the department we are asking them for equity. It's expensive. We could repeal the property tax and establish a base.

McCALLUM: Don't you think it would be more realistic to give you five years instead of two years?

FEAVER: We tried to come up with a date that we thought we could get it done in for a defensible appraisal. We think we can do that mess in by 1985.

NORMAN: This whole property tax system is breaking down all over. You say we can't back out. We may have to back out. Just spending money won't get the job done necessarily. This will continue until we go back to the county tax appraisal. What other programs have been considered?

GRIBBLE: I think it is fair to say that any argument I have used has been included. We have had suggestions that perhaps we could use insurance values as an indication of value. When you analyze what alternative costs will be, our recommendation is that it would cost more to administer one of the alternatives than a properly conducted appraisal program.

GOODOVER: What can counties do that the state isn't doing?

NORMAN: If what the state is doing doesn't work, then what the county would be doing wouldn't work; the county would be cheaper.

SEVERTSEN: When you go back the state will have to pick up the 40 and 15 state mill levies. If we are talking about tax equity, the only way we can go is the way we are going.

GOODOVER: Are there any counties that are doing a job under the present set up?

GRIBBLE: A good many are. Major problems are in the larger counties. The largest 20 counties in the state comprise 76% of the workload.

MANLEY: Back to the county. I can remember when the big yell was some counties were underappraising and some were overappraising. They started a program where they had a board to level out everything. We got Powell county complete and it was about that time when this new constitution came along and the counties were starting to get their appraisals with these meetings. I think we might as well decide we should take it back to the counties.

GOODOVER: There were more abuses in the county than there are now.

ECK: You say you can appraise a property for $10 average?

GRIBBLE: We feel that by taking today's dollar it will take $10 per dwelling.

ELLIOTT: The system you are presently setting up will create a very low percentage of error because of the type system you are using. Have you ever thought of using the approach that would allow for more of an error and get the job done faster?

GRIBBLE: That is possible but you are not creating anything that can be updated with any degree of accuracy either.

ELLIOTT: You have a local board of people who oversee the system. When you reappraise property do you immediately send that out?

GRIBBLE: If it is a new home or one that has had some improvements made, they would get notice the ensuing year, but if property remained the same we do not value until value is established.

ELLIOTT: You could send those notices out saying here's the way you will be appraised and let them take it to court before the recycling time begins. I do not think this law contemplates we have within 3% accuracy. DOR is anticipating problems from taxpayers rather than going ahead.

GRIBBLE: I think if we could keep evaluations within 10% we would be doing an excellent job.

GOODOVER: Just throwing this out for consideration: Have you ever thought of using facilities of the Montana Real Estate Association?

GRIBBLE: We have considered that option. The problem is, the wages we can offer, most of the realtors won't work for.

ELLIOTT: Do you have any objection to extending that two-year period by another two years?

SIVERTSEN: I do believe we must do something with the law that sets cyclical appraisal. I am asking for the 2 years so we can take care of some of the problems in the last year or two.

GOODOVER: Does the Republican budget or the Governor's budget address this amount of money?

SIVERTSEN: No.

The hearing was closed on 561.

STATE OF MONTANA

DEPARTMENT OF REVENUE
MITCHELL BUILDING
HELENA, MONTANA 59601

February 13,1981

PROPERTY ASSESSMENT DIVISION

1983 BIENNIUM BUDGET MODIFICATION

5-YEAR CYCLE

R E C A P

	FY'82	FY'83
FTE	407	407
PERSONAL SERVICES*	$6,022,364	$6,022,364
OPERATING EXPENSES	2,385,773	2,837,629***
EQUIPMENT	719,019	559,757
TOTAL **	$9,127,156	$9,419,750

* All personal service costs are based on the FY'81 salary matrix are unadjusted for inflation, merit increase, and anticipated grade increases.

** These figures represent the anticipated increase only.

*** Operating expenses are inflated from FY'82 to FY'83 on inflation factors stated in 01/15/81 letter from Representative Art Lund, Chairman , House Appropriation Committee, to Sub-Committee Chairman.

APPRAISAL OF RESIDENTIAL PROPERTY
(5-year cycle)

PERSONAL SERVICES*

NEW PERSONNEL	NUMBER	GRADE	ANNUAL SALARY	EXTENSION
Appraiser III	85	10.2	$ 12,138	$ 1,031,691
Appraiser IV	24	11.2	13,182	316,358
Appraiser V	17	12.2	14,339	243,752
Appraiser VI	13	13.2	15,597	202,765
Appraisal Clerk II	41	7.2	9,523	390,457
Appraisal Clerk III	36	8.2	10,308	371,103
	216		SUBTOTAL	2,556,126
			(20.9% Benefits)	534,230
			TOTAL	3,090,356

	FY '82	FY '83
Personal Services*	$ 3,090,356	$ 3,090,356
Operating Expenses		
$188,255 ÷ 102 x 216 =	$ 398,658	$ 430,550
Equipment		
$ 46,160 ÷ 102 x 216	$ 97,751	$ 35,153
GRAND TOTAL	$ 3,586,765	$ 3,556,059

*All personal service costs are based on the FY '81 salary matrix and are unadjusted for inflation, merit increases, and anticipated grade increases.

APPRAISAL OF COMMERCIAL PROPERTY
(5-year cycle)

Personal Services*

NEW PERSONNEL	NUMBER	GRADE	ANNUAL SALARY	EXTENSION
Appraiser III	40	10.2	$ 12,138	$ 485,502
Appraiser IV	12	11.2	13,183	158,178
Appraiser V	6	12.2	14,338	86,030
Appraiser VI	5	13.2	15,598	77,988
Appraisal Clerk II	18	7.2	9,523	171,419
Appraisal Clerk III	14	8.2	10,309	144,319
	95		SUBTOTAL	$ 1,123,436
			(20.9% Benefits)	234,798
			TOTAL	$ 1,358,234

		FY '82	FY '83
Personal Services*		$ 1,358,234	$ 1,358,234
Operating Expenses			
$ 90,200 ÷ 45 x 95 =		$ 190,422	$ 205,656
Equipment			
$ 22,120 ÷ 45 x 95 =		$ 46,698	$ 16,467
$ 7,800 ÷ 45 x 95 =			
	GRAND TOTAL	$ 1,595,354	$ 1,580,357

* All personal service costs are based on the FY '81 salary matrix and are unadjusted for inflation, merit increases, and anticipated grade increases.

APPRAISAL OF INDUSTRIAL PROPERTY
(5-year cycle)

Personal Services*

NEW PERSONNEL	NUMBER	GRADE	ANNUAL SALARY	EXTENSION
Bureau Chief	1	16.8	$ 23,024	$ 23,024
Crew Supervisor	4	15.6	20,275	81,098
Appraiser VII	6	14.5	18,241	109,446
Auditor/Appraiser	4	13.4	16,257	65,028
Clerk	1	9.2	11,181	11,181
	16		SUBTOTAL	$ 289,777
			(20.9% Benefits)	60,563
			TOTAL	$ 350,340

	FY '82	FY '83
Personal Services"	$ 350,340	$ 350,340
Operating Expenses		
$ 103,510 ÷ 8 x 16	$ 207,020	$ 223,582
Equipment	0	0
GRAND TOTAL	$ 557,360	$ 573,922

* All personal service costs are based on the FY '81 salary matrix and are unadjusted for inflation, merit increases, and anticipated grade increases.

APPRAISAL OF AGRICULTURAL LAND
(5-year cycle)

Personal Services*

NEW PERSONNEL	NUMBER	GRADE	ANNUAL SALARY	EXTENSION
Bureau Chief	1	16.8	$ 23,024	$ 23,024
Land Section Head	1	14.6	18,619	18,619
Timber Section Head	1	14.6	18,619	18,619
Researcher	1	14.3	17,504	17,504
Draftsman IV	2	10.2	12,138	24,275
Appraiser VI	9	13.2	15,597	140,377
Appraiser V	9	12.2	14,388	129,046
Appraisal Clerk II	9	7.2	9,523	85,711
Timber Cruiser	10	13.2	15,597	155,973
	43		SUBTOTAL	$ 613,148
			(20.9% Benefits)	128,148
			TOTAL	$ 741,296

	FY '82	FY '83
Personal Services*	$ 741,296	$ 741,296
Operating Expenses $165,162 ÷ 27 x 43 =	$ 263,036	$ 284,079
Equipment $ 71,525 ÷ 27 x 43 = $ 35,000 ÷ 27 x 43 =	$ 113,910	$ 55,741
GRAND TOTAL	$1,118,242	$ 1,081,116

* All personal service costs are based on the FY '81 salary matrix and are unadjusted for inflation, merit increases, and anticipated grade increases.

ASSESSOR OFFICES
(5-year cycle)

Personal Services*

NEW PERSONNEL	NUMBER	GRADE	ANNUAL SALARY	EXTENSION
Draftsman III	3	9.3	$ 11,419	$ 34,258
Draftsman IV	7	10.2	12,138	84,963
Assessor Clerk I	12	6.2	8,803	105,636
Assessor Clerk II	3	7.2	9,523	28,570
	25		SUBTOTAL	$ 253,427
			(20.9% Benefits)	52,966
			TOTAL	$ 306,393

	FY '82	FY '83
Personal Services*	$ 306,393	$ 306,393
Operating Expenses		
Contracted Services	$ 109,011	$ 117,732
Supplies & Materials	16,426	17,822
Communication	11,494	12,471
Travel	399	431
Rent	-0-	-0-
Utilities	-0-	-0-
Repair & Maintenance	2,690	2,919
Other	8,641	9,375
	$ 148,661	$ 160,750
Equipment		
Drafting Equipment	$ 34,000	$ -0-
Office Equipment	22,460	24,476
	$ 56,460	$ 24,476
TOTAL	$ 511,514	$ 491,619

* All personal service costs are based on the FY '81 salary matrix and are unadjusted for inflation, merit increases, and anticipated grade increases.

MISCELLANEOUS ADDITIONAL ADMINISTRATIVE EXPENSES
5 YEAR CYCLE

PERSONAL SERVICES*

NEW PERSONNEL	NUMBER	GRADE	ANNUAL SALLARY	EXTENSION
Area Manager	2	15.3	$ 19,064	$ 38,127
Auditor (Inter-County Property Bureau)	2	13.2	15,597	31,194
	4		SUBTOTAL	$ 69,321
			(20.9% Benefits)	14,488
			TOTAL	$ 83,809

Personal Services*		FY'82	FY'83
		$ 83,809	$ 83,809
	SUBTOTAL	$ 83,809	$ 83,809

Operating Expenses		
Contracted Services		
Personal Property Bureau	$ 13,186	$ 14,241
Assessment Standards Bureau	280,000	302,400
Inter-County Property Bureau	16,300	17,604
Administration	2,134	2,306
Supplies & Materials		
Personal Property Bureau	600	651
Inter-County Property Bureau	500	1,085
Administration	634	688
Communications		
Inter-County Property Bureau	54	117
Administration	3,177	3,447
Travel		
Personal Property Bureau	511	552
Inter-County Property Bureau	18,000	19,440
Administration	326,252	352,352
Rent		
Leased Computer Equipment	500,000	800,000
Utilities	-0-	-0-
Repairs and Maintenance		
Personal Property Bureau	201	218
Inter-County Property Bureau	450	488
Administration	157	170

* All personal service costs are based on the FY'81 salary matris and are unadjusted for inflation, merit increases, and anticipated grade increases.

MISCELLANEOUS ADDITIONAL ADMINISTRATIVE EXPENSES
(Continued)

Operating Expenses (Con't)

Other Expenses		
Personal Property Bureau	$ 1,817	$ 1,971
Inter-County Property Bureau	150	326
Adminsitration	96	104
SUBTOTAL	$ 1,164,219	$ 1,518,160
Equipment		
Micro-Computer System	$ 9,000	$ -0-
Vehicles (40/year)	387,200	425,920
Personal Property Bureau Office Equip.	1,000	1,000
Inter-County Property Bureau Office Equip.	1,000	1,000
SUBTOTAL	$ 398,200	$ 427,920
GRAND TOTAL	$ 1,646,228	$ 2,029,889

SUPPORT DIVISION EXPENSES
5YEAR CYCLE

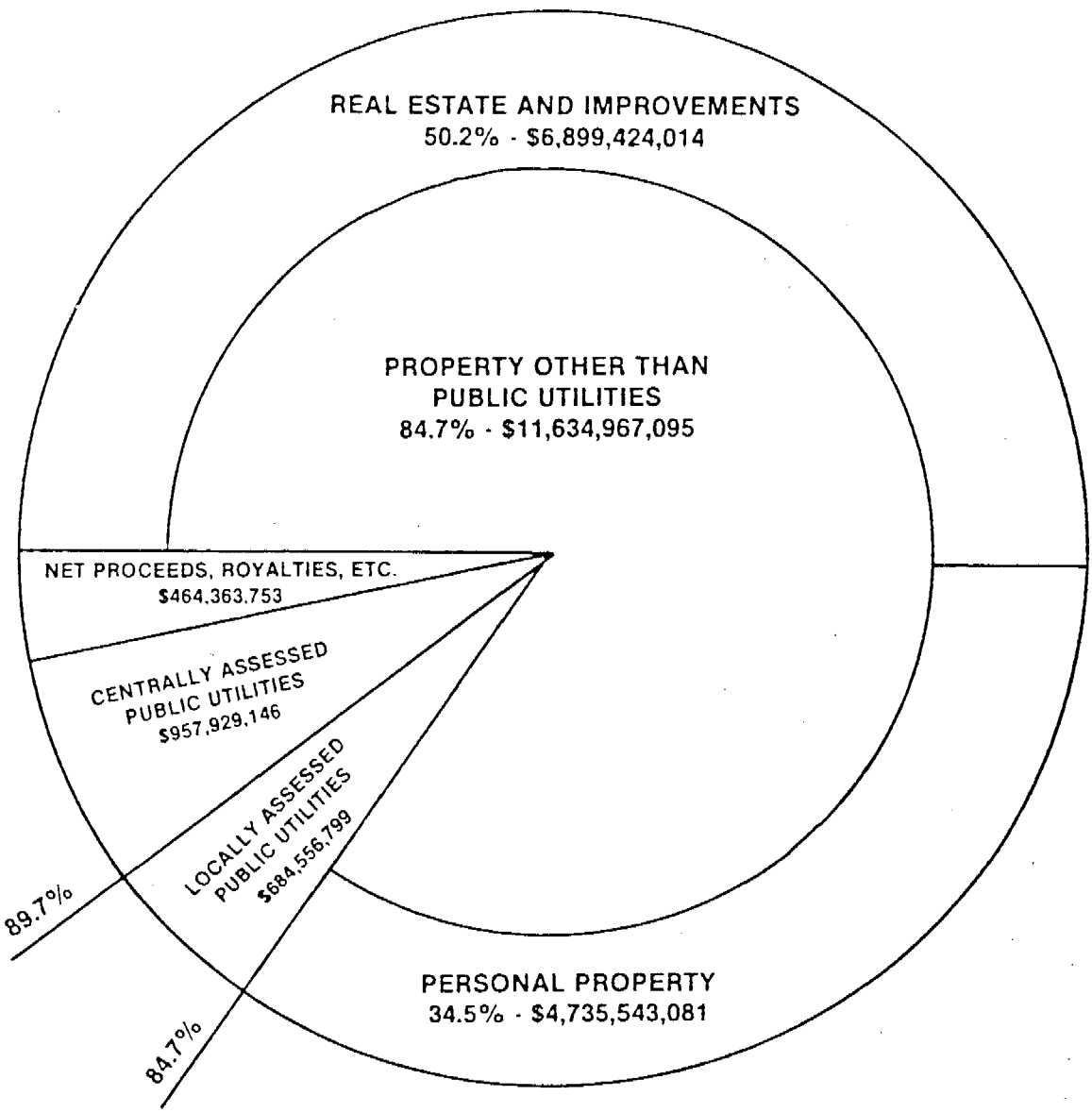
PERSONAL SERVICES*

NEW PERSONNEL	NUMBER	GRADE	ANNUAL SALARY	EXTENSION
Clerk II (payroll, personnel)	2	7.2	9,523	$ 19,047
Program Analyst I	1	13.7	17,295	17,295
Program Analyst II	1	14.7	19,007	19,007
Program Analyst III	1	15.7	20,694	20,694
	5		SUBTOTAL	$ 76,043
			(20.9% Benefits)	15,893
			TOTAL	$ 91,936

		FY'82	FY'83
Personal Services*		$ 91,936	$ 91,936
	SUBTOTAL	$ 91,936	$ 91,936
Operating Expenses			
Contracted Services		$ 5,102	$ 5,511
Supplies & Matersials		508	551
Comminications		930	1,009
Travel		109	118
Rent		4,889	5,255
Utilities		-0-	-0-
Repairs & Maintenance		1,709	1,855
Other Expenses		510	553
	SUBTOTAL	$ 13,757	$ 14,852
Equipment			
8775 CRT's		$ 6,000	$ -0-
	SUBTOTAL	$ 6,000	$ -0-
	GRAND TOTAL	$ 111,693	106,788

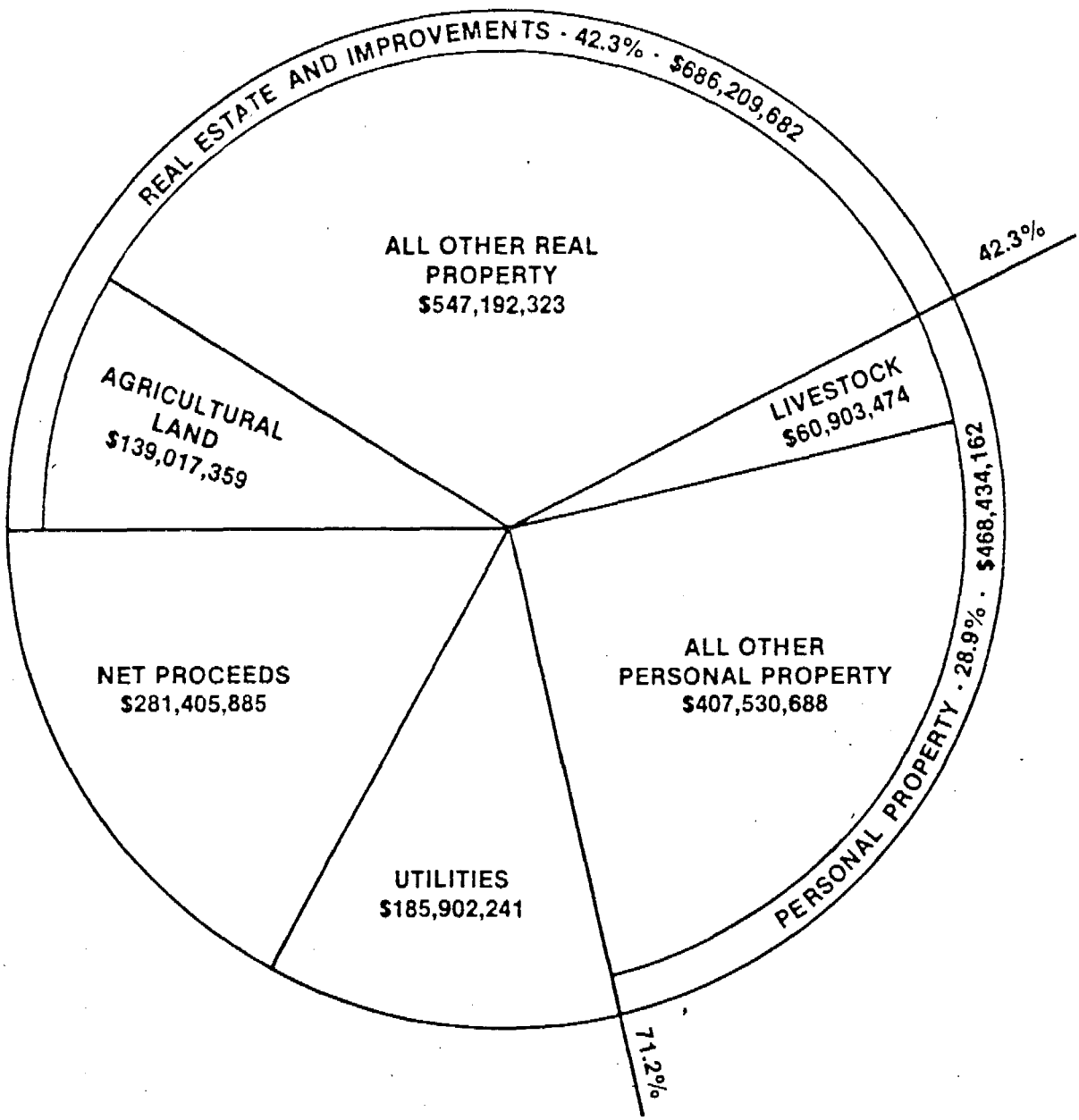
* All personal service costs are based on the Fy'81 salary matrix and are unadjusted for inflation, merit increases, and anticipated grade increases.

ANALYSIS OF ASSESSMENT VALUATION OF STATE — 1979
TOTAL ASSESSED VALUED — $13,741,816,793



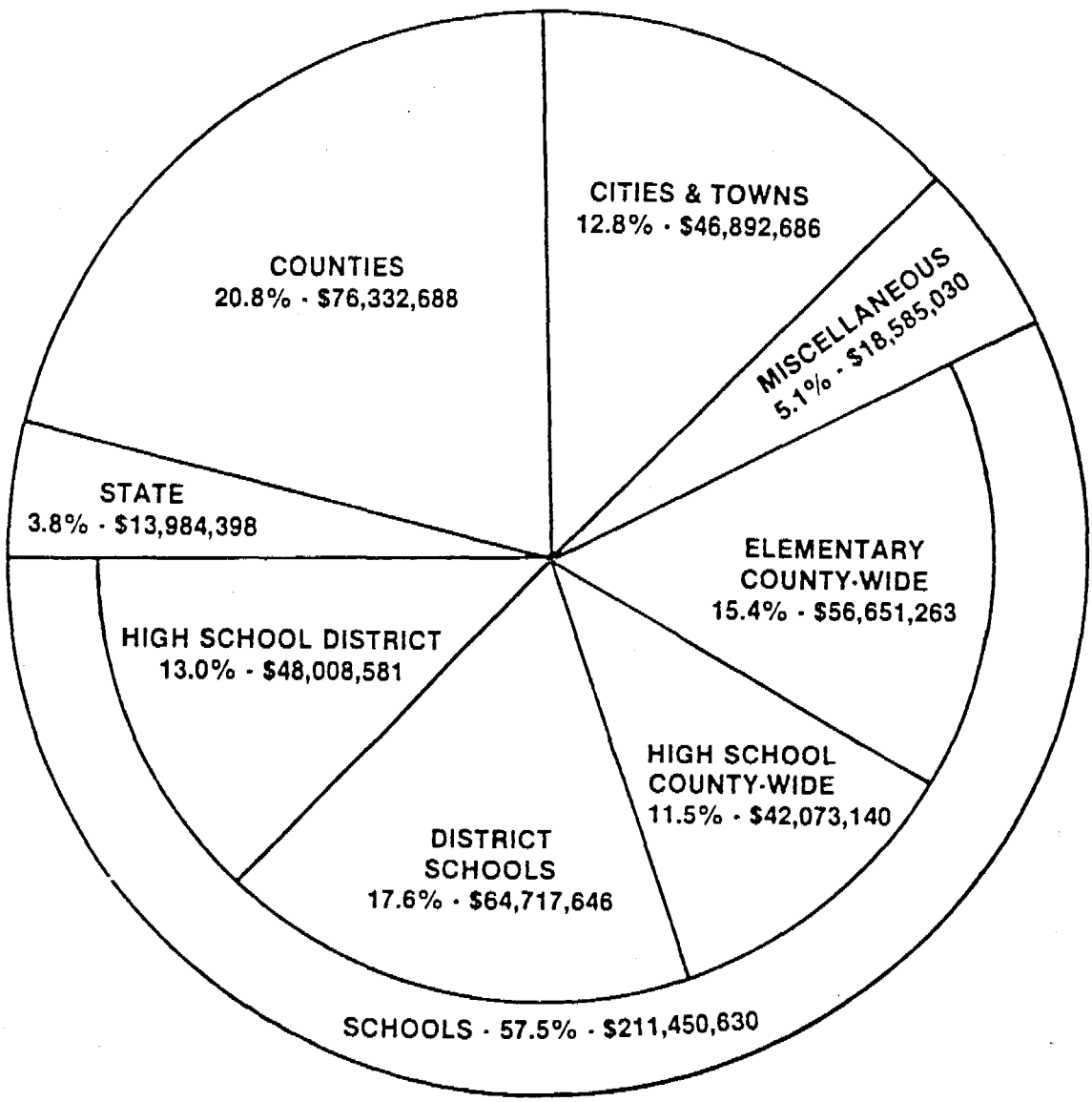
SOURCE: Report of the State Dept. of Revenue

ANALYSIS OF TAXABLE VALUATION OF STATE — 1979
TOTAL TAXABLE VALUE — $1,621,951,970



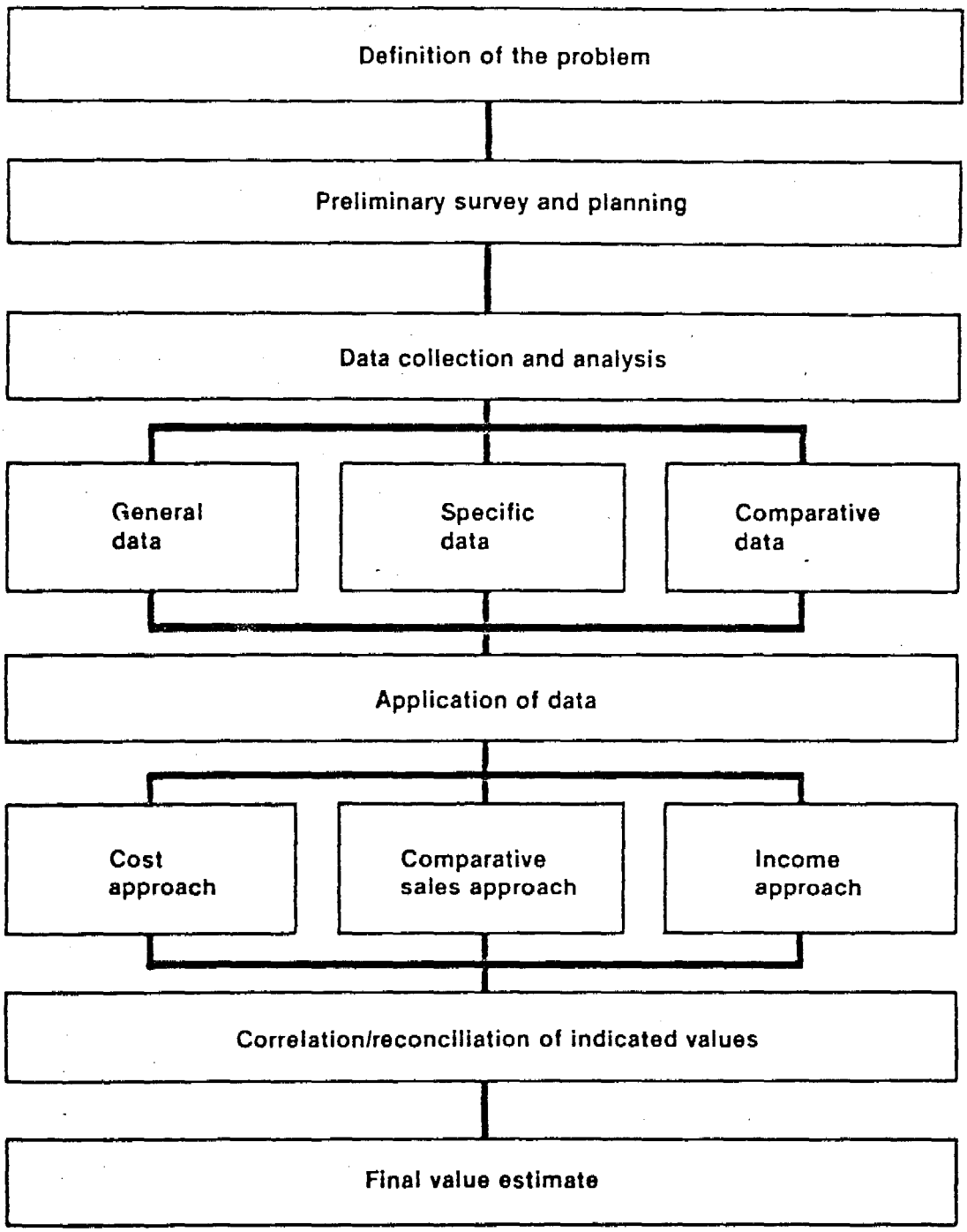
SOURCE: Report of the State Dept. of Revenue

ALLOCATION OF TAXES LEVIED WITHIN STATE — 1979
TOTAL TAXES LEVIED — $367,245,432

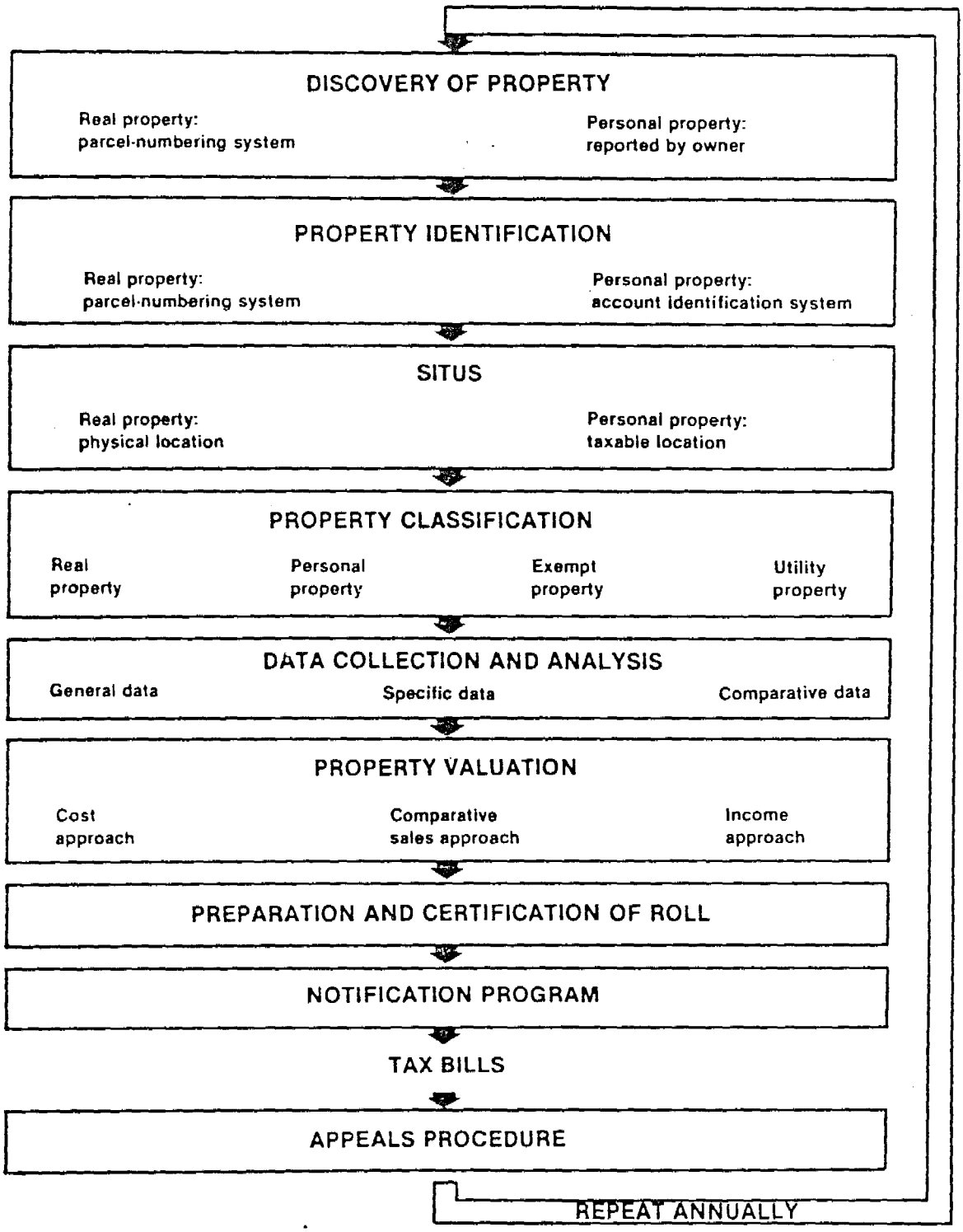


SOURCE: Report of the State Dept. of Revenue

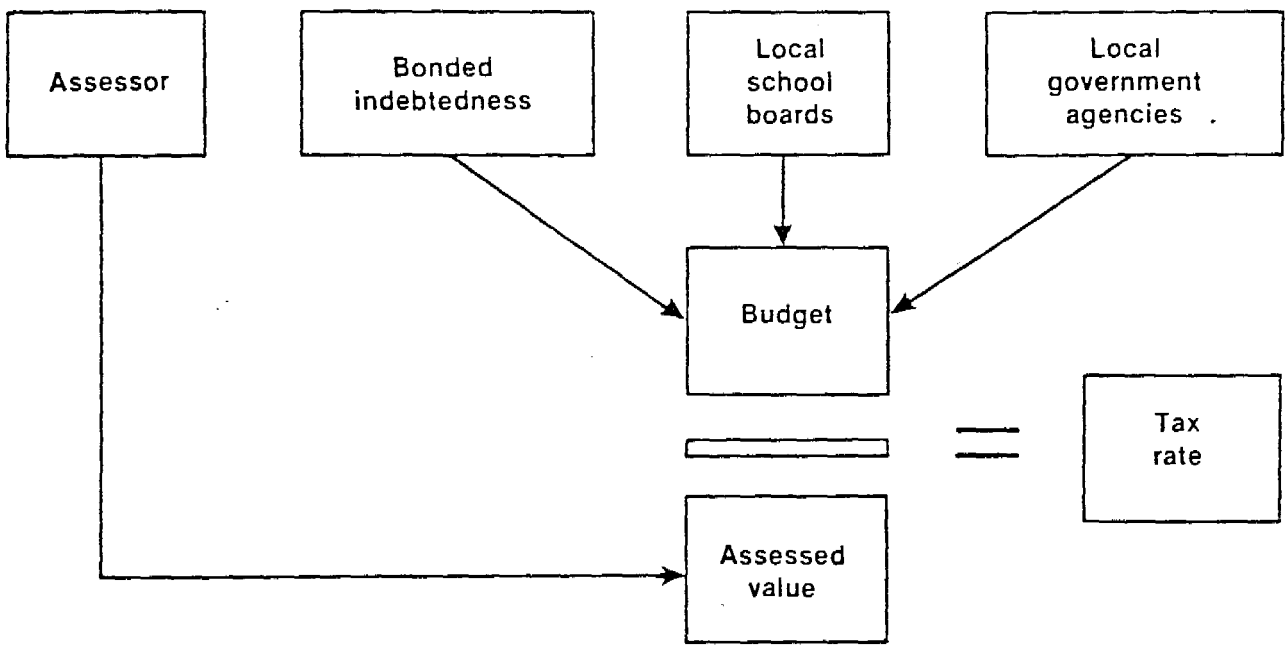
The Appraisal Process

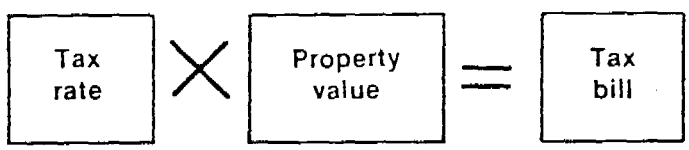


The Assessment Process

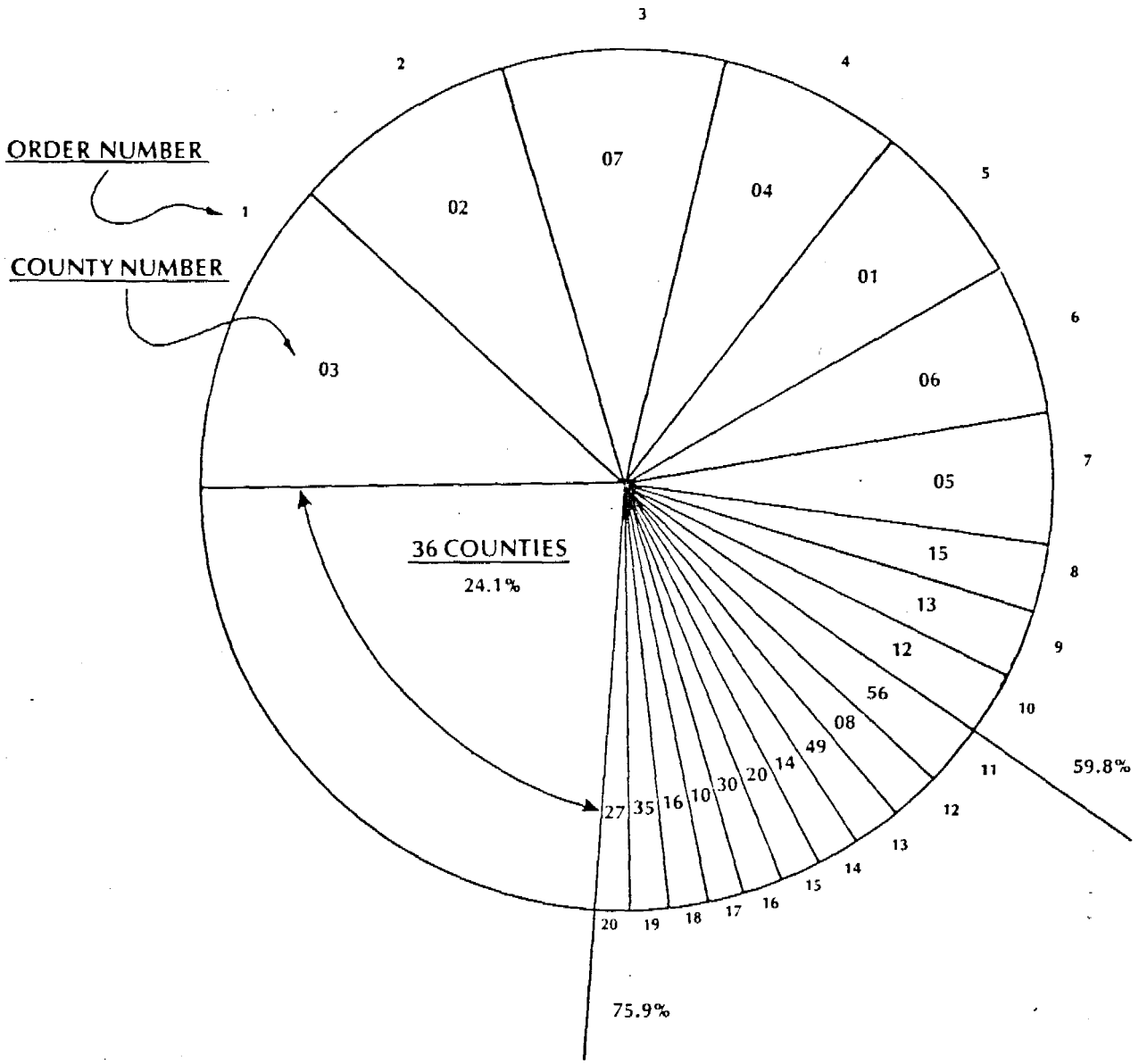


The Determination of a Tax Bill





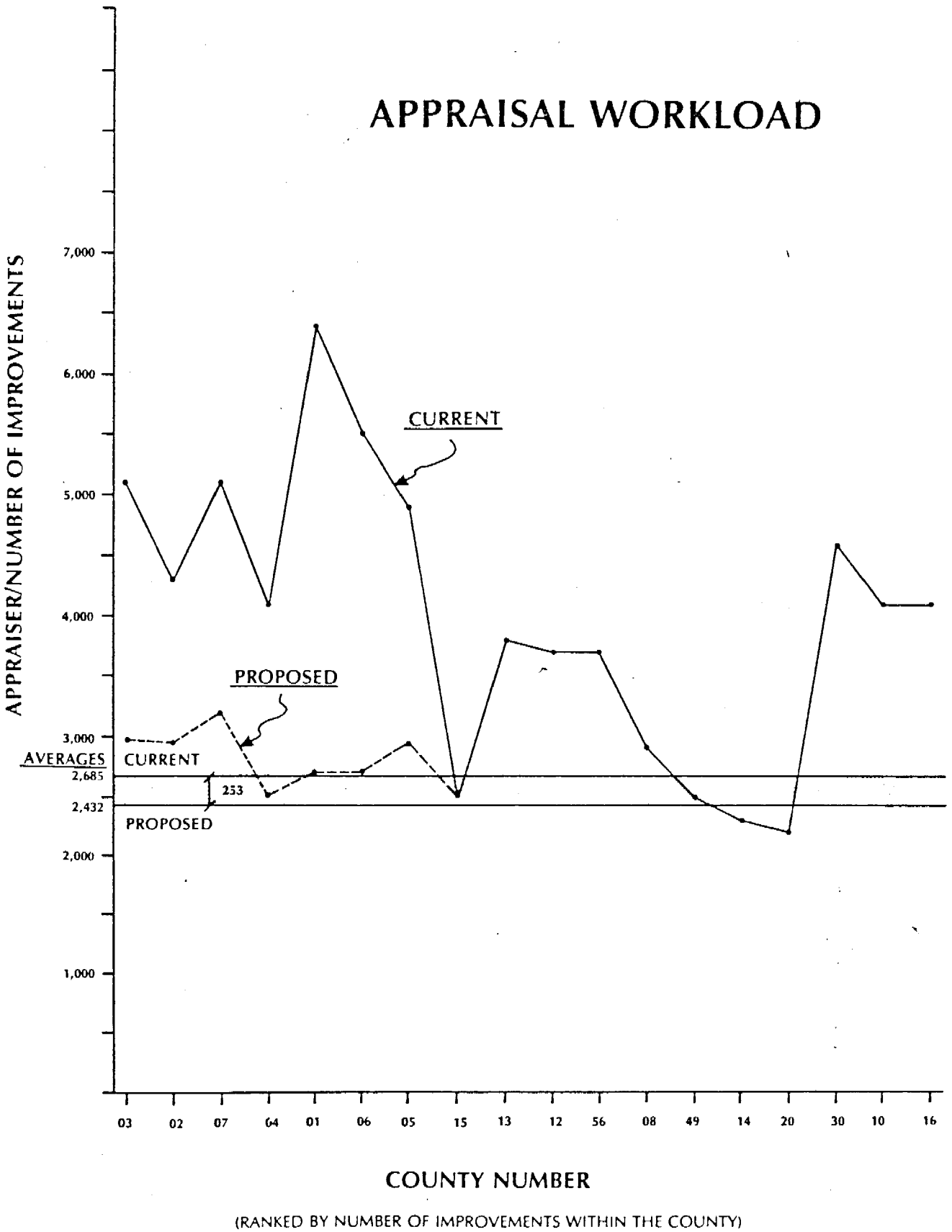
% OF THE IMPROVEMENTS WITHIN A COUNTY OF THE TOTAL IMPROVEMENTS WITHIN THE STATE

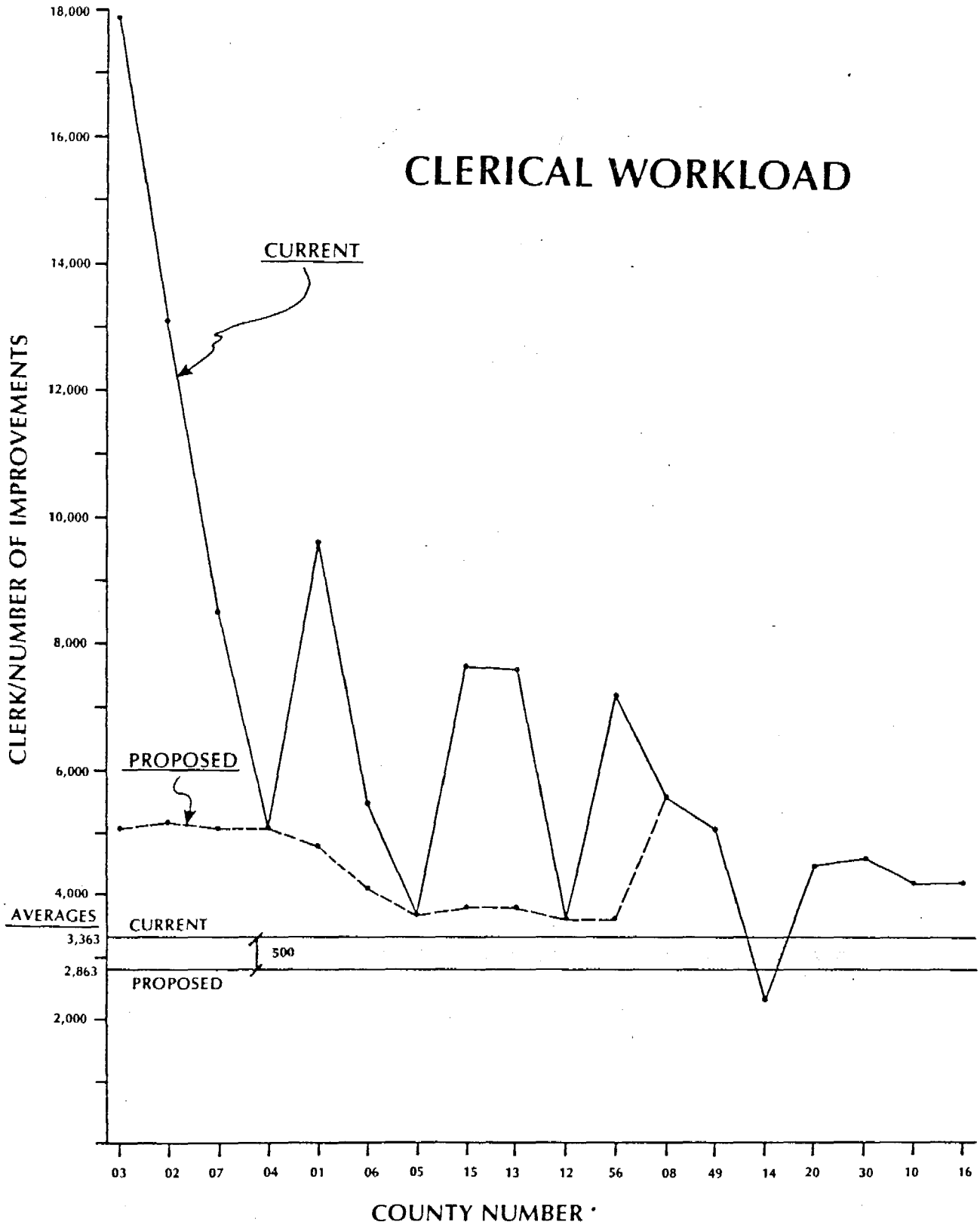


APPRAISER/CLERK WORKLOADS

		CURRENT FUNDING				PROPOSED FUNDING			
	Improvement Parcels	Clerk	Appraiser	Parcels / Clerk	Parcels / Appraiser	Clerk	Appraiser	Parcels / Clerk	Parcels / Appraiser
1. Beaverhead	3,509	1	1	3,509	3,509	1	1	3,509	3,509
2. Big Horn	2,753	1	2	2,753	1,377	1	2	2,753	1,377
3. Blaine	2,020	1	1	2,020	2,020	1	1	2,020	2,020
4. Broadwater	1,230	1	1	1,230	1,230	1	1	1,230	1,230
5. Carbon	4,246	1	1	4,246	4,246	1	1	4,246	4,246
6. Carter	871	0	1	---	871	1	1	871	871
7. Cascade	26,346	2	6	13,173	4,391	5	9	5,269	2,927
8. Chouteau	3,567	1	1	3,567	3,567	1	1	3,567	3,567
9. Custer	4,778	2	2	2,389	2,389	2	2	2,389	2,389
10. Daniels	1,828	1	1	1,828	1,828	1	1	1,828	1,828
11. Dawson	4,215	1	1	4,215	4,215	1	1	4,215	4,215
12. Deer Lodge	4,684	1	1	4,684	4,684	1	1	4,684	4,684
13. Fallon	1,998	0	1	---	1,998	1	1	1,998	1,998
14. Fergus	5,690	1	2	5,690	2,845	1	2	5,690	2,845
15. Flathead	25,697	3	5	8,566	5,139	5	8	5,139	3,212
16. Gallatin	16,579	3	3	5,526	5,526	4	6	4,145	2,763
17. Garfield	995	0	1	---	995	1	1	995	995
18. Glacier	3,299	1	1	3,299	3,299	1	1	3,299	3,299
19. Golden Valley	957	0	1	---	957	1	1	957	957
20. Granite	1,540	0	1	---	1,540	1	1	1,540	1,540
21. Hill	7,234	2	2	3,617	3,617	2	2	3,617	3,617
22. Jefferson	2,380	1	1	2,380	2,380	1	1	2,380	2,380
23. Judith Basin	1,713	1	1	1,713	1,713	1	1	1,713	1,713
24. Lake	7,711	1	3	7,711	2,570	2	3	3,856	2,570
25. Lewis and Clark	14,946	4	3	3,737	4,982	4	5	3,737	2,989
26. Liberty	1,357	1	1	1,357	1,357	1	1	1,357	1,357
27. Lincoln	7,296	1	2	7,296	3,648	2	2	3,648	3,648
28. Madison	2,926	1	1	2,926	2,926	1	1	2,926	2,926
29. McCone	2,379	1	1	2,379	2,379	1	1	2,379	2,379
30. Meagher	1,142	1	1	1,142	1,142	1	1	1,142	1,142
31. Mineral	1,178	1	1	1,178	1,178	1	1	1,178	1,178
32. Missoula	20,719	4	5	5,180	4,144	4	8	5,180	2,590
33. Musselshell	2,196	1	1	2,196	2,196	1	1	2,196	2,196
34. Park	5,119	1	2	5,119	2,560	1	2	5,119	2,560
35. Petroleum	364	0	0	---	---	0	0	---	---
36. Phillips	2,511	1	1	2,511	2,511	1	1	2,511	2,511
37. Pondera	2,857	1	1	2,857	2,857	1	1	2,857	2,857
38. Powder River	1,014	0	1	---	1,014	1	1	1,014	1,014
39. Powell	2,731	1	1	2,731	2,731	1	1	2,731	2,731
40. Prairie	963	0	1	---	963	1	1	963	963
41. Ravalli	7,651	1	2	7,651	3,826	2	2	3,826	3,826
42. Richland	4,012	1	1	4,012	4,012	1	1	4,012	4,012
43. Roosevelt	3,575	1	1	3,575	3,575	1	1	3,575	3,575
44. Rosebud	2,914	0	1	---	2,914	1	1	2,914	2,914
45. Sanders	4,199	1	1	4,199	4,199	1	1	4,199	4,199
46. Sheridan	3,307	1	1	3,307	3,307	1	1	3,307	3,307
47. Silver Bow	19,239	2	3	9,620	6,413	4	7	4,810	2,748
48. Stillwater	3,099	1	1	3,099	3,099	1	1	3,099	3,099
49. Sweet Grass	1,342	1	0	1,342	---	1	1	1,342	1,342
50. Teton	3,427	1	1	3,427	3,427	1	1	3,427	3,427
51. Toole	2,864	1	1	2,864	2,864	1	1	2,864	2,864
52. Treasure	342	0	1	---	342	1	1	342	342
53. Valley	4,529	1	2	4,529	2,265	1	2	4,529	2,265
54. Wheatland	1,245	0	2	---	623	1	2	1,245	623
55. Wibaux	902	0	1	---	902	1	1	902	902
56. Yellowstone	35,991	2	7	17,996	5,142	7	12	5,142	2,999
TOTAL	304,176	59	90	3,363.21	$\bar{X}$ 2,865.79	86	114	2,863.98	$\bar{X}$ 2,432.80
				3,366.56	S 1,485.25			1,465.43	S 1,116.52
TOTAL IMPROVEMENTS / CLERKS – APPRAISERS				5,155.53	3,379.73			3,536.93	2,668.21

APPRAISAL WORKLOAD




CLERICAL WORKLOAD
CLERK/NUMBER OF IMPROVEMENTS
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
CURRENT
PROPOSED
AVERAGES
CURRENT
3,363
500
2,863
PROPOSED
03
02
07
04
01
06
05
15
13
12
56
08
49
14
20
30
10
16
COUNTY NUMBER
(RANKED BY NUMBER OF IMPROVEMENTS WITHIN THE COUNTY)

MAJOR PROBLEMS CONFRONTING THE PROPERTY ASSESSMENT DIVISION

1) Lack of Adequate Personnel
   - Maintenance
   - Reappraisal
2) Poor Organizational Structure
   - Communication
   - Control
3) Insufficient Training and Education
   - Need for Professionalization
4) Low Salary Levels
5) Poor Quality Work Product
   - Not Current Market Value
6) Ever Increasing Defense Workload
   - Lack of Uniformity
   - Lack of Equity
7) Little Data Processing Support

CONVERSION OF PARCELS INTO STANDARD UNITS

PROPERTY TYPE	CONVERSION FACTOR	PARCELS	STANDARD UNITS
1) Urban Commercial Land	.95	48,580	46,151
2) Rural Commercial Land	.70	14,396	10,077
3) Urban Residential Land	.15	323,724	48,558
4) Rural Residential Land	.15	180,682	27,102
5) Agricultural Land	.05	1,438,407	71,920
6) State Owned Land	.05	126,674	6,333
7) Urban Commercial Improvements	3.90	24,579	95,858
8) Rural Commercial Improvements	2.65	10,182	26,982
9) Urban Residential Improvements	1.00	151,622	151,622
10) Rural Residential Improvements	1.10	69,514	76,465
11) Agricultural Improvements	1.45	48,285	70,013
12) Industrial Property	74.50	385	28,682
	Total Standard Units		659,763

CONVERSION OF STANDARD UNITS INTO WORK YEARS

$$\frac{\text{Standard Units} \times \text{Work Hours per Standard Unit}}{\text{Annual Effective Work Hours Per Employee}} = \text{Employee Work Years}$$

Work hours per standard unit = 1.965 hours
Annual effective work hours per employee = 1,665 hours

EXAMPLE

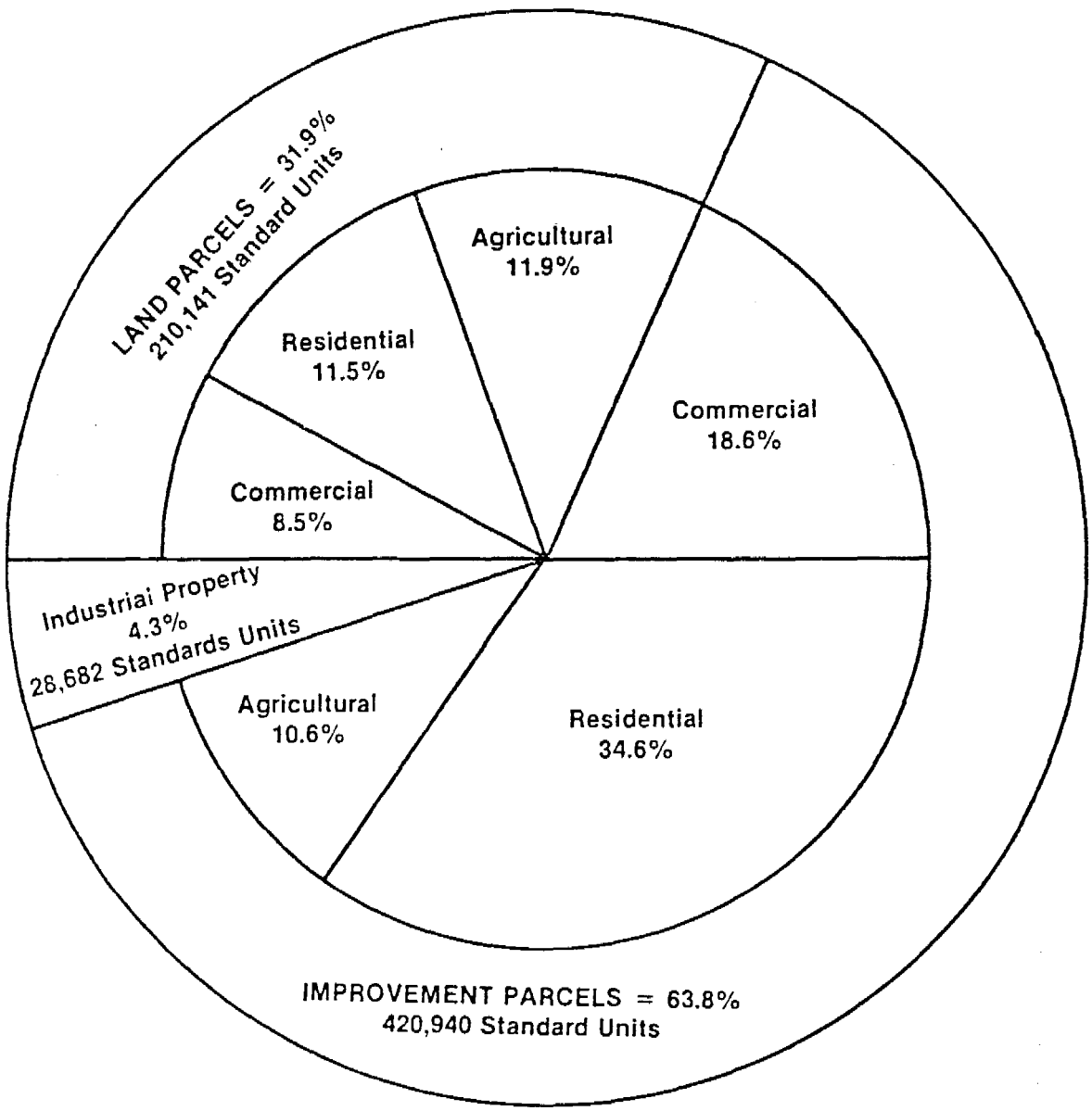
CONVERSION OF TOTAL REAPPRAISAL EFFORT INTO REQUIRED NUMBER OF EMPLOYEES

$$\frac{659{,}763 \times 1.965}{1{,}665 \text{ hours}} = 779 \text{ Total Employee Work Years}$$

779 yrs ÷ 4.5 years (length of extended cycle) = 173 Employees/Year

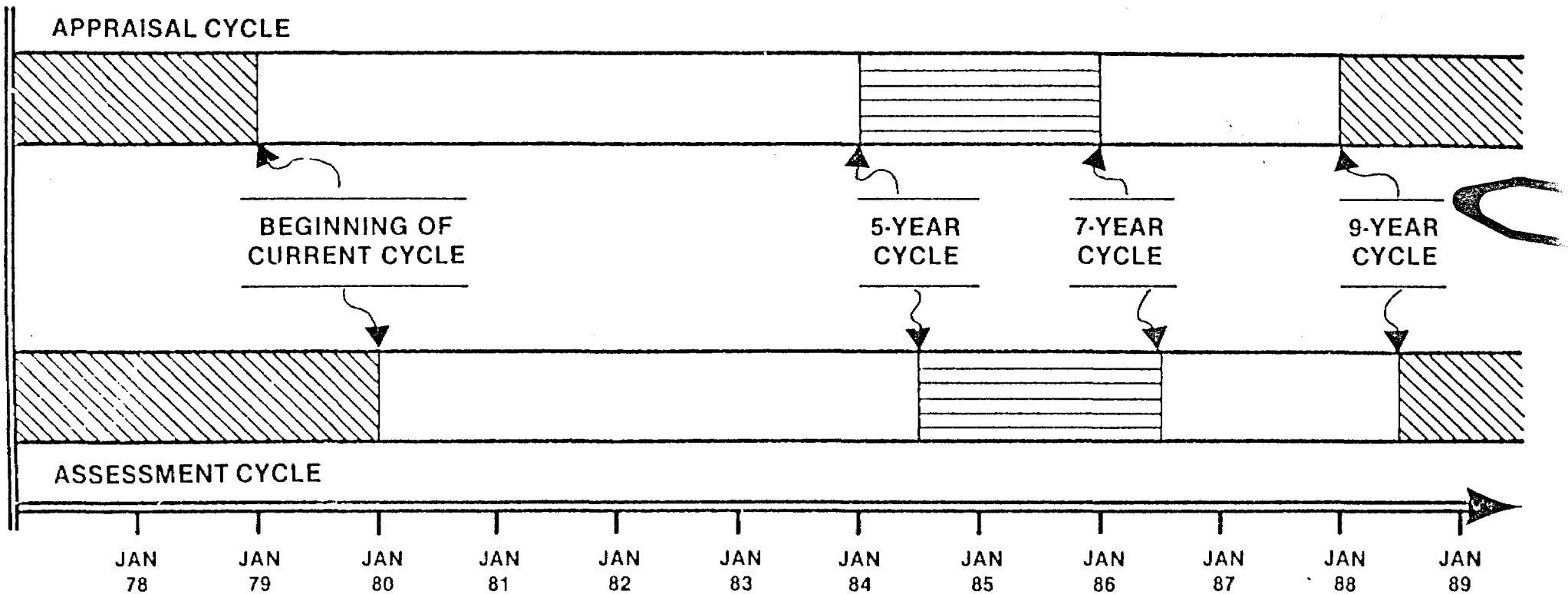
REAPPRAISAL WORK EXPRESSED IN STANDARD UNITS

659,763 TOTAL STANDARD UNITS



1 Standard Unit = 1.965 hrs = Time required to appraise an average residential building

TIME FRAMES OF VARIOUS CYCLES



MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 24, 1981

The 55th meeting of the committee was called to order at 7:30 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members present except S. Brown.

DISPOSITION OF HOUSE BILL 561:

Senator Towe made a motion HB 561 BE CONCURRED IN. Senator Norman made a substitute motion it be sent to Finance and Claims.

Roll call vote was taken on the motion by Senator Towe. The vote was 4-8. The secretary was asked to reverse the vote and show that HB 561 received an adverse report.

DISPOSITION OF HOUSE BILL 305:

Senator Severson said he could see no reason not to pass this because this is what they are currently doing. He made a motion that HB 305 BE CONCURRED IN. The motion passed with Senators McCallum and Crippen dissenting. Senator Severson will carry the bill on the floor.

DISPOSITION OF HOUSE BILL 640:

A motion was made that HB 640 BE NOT CONCURRED IN. A substitute motion was made to lay HB 640 on the table. The substitute motion carried by an 8-5 vote. HB 640 is tabled.

DISPOSITION OF HOUSE BILL 176:

Senator B. Brown moved HB 176 BE NOT CONCURRED IN.

TOWE: Senator Towe went through some proposed amendment language and made a substitute motion to amend.

NORMAN: If you have an antique slot machine in this state and you make it inoperative, its value is probably reduced to next to nothing. Mr. Yardley wanted some language passed that would protect those people so they wouldn't go to jail for having one. This amendment goes opposite. The people Yardley is trying to protect are going to be punished.

MANLEY: The machines I have are fixed now to be inoperative; you can pull the crank and the machines go without handling money.

Senator Ochsner made a motion to pass for consideration until Senator Towe can work up some more language. The motion carried by a 7-6 roll call vote.

STANDING COMMITTEE REPORT

March 24 19 81

MR. PRESIDENT:

We, your committee on TAXATION

having had under consideration House Bill No. 561

Sivertsen (Goodover)

Respectfully report as follows: That House Bill No. 561

BE NOT CONCURRED IN

~~DO PASS~~

JRF

PAT M. GOODOVER, Chairman.

STATE PUB. CO.
Helena, Mont.

Cort explained the effect the bill had the way the committee originally passed on it. He said when the bill came to the exclusion, the only one who could qualify would be corporations under 401. As the bill came to committee only one of those 3 types would be able to benefit with the exemptions. When this bill left, nobody could qualify.

Senator McCallum withdrew his motion.

Senator Elliott moved the bill DO NOT PASS. This vote was defeated by a 5-6 margin.

S. Brown recommended we defer action and request a fiscal note.

The secretary was asked to request a revised fiscal note.

DISPOSITION OF SENATE BILL 130:

Senator McCallum made a motion that SB 130 be tabled. The motion carried, Senator Severson dissenting.

REFERENCE TO HOUSE BILL 561:

S. Brown asked if we, as a committee, could propose an alternative--voluntary appraisal. The answer was no. Nothing had been proposed by the committee as an alternative measure. S. Brown moved to reconsider HB 561.

ELLIOTT: I think we were acting before from emotion rather than logic. The appropriation will be considered in another committee.

S. BROWN: If we are serious about giving it back to the county, won't we have to amend the Constitution?

ANSWER: Yes.

S. BROWN. Until we come up with an alternative, it seems a mistake not to pass HB 561.

NORMAN: If we can make it clear to Finance and Claims that this committee is not showing approval of the whole thing....

A roll call vote showed the committee in favor of recalling HB 561.

DISPOSITION OF SENATE BILL 200:

CRIPPEN: How can we subscribe to a tax upon a tax?

ELLIOTT: It is a tax on valuation and called excise because it is based on the producer of the product, as opposed to the user of the product. In our laws now we tax net corporate income. The tax that is paid should be a deductible item.

TOWE: Roger is right; this is not a net income tax. It is net proceeds rather than gross proceeds.

CRIPPEN: I will move the bill DO PASS.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 26, 1981

The 57th meeting of the committee was called to order at 7:30 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: Senator Manley absent, all other members present.

DISPOSITION OF HOUSE BILL 156:

There were technical amendment changes to be made to HB 156. A motion was made we reconsider HB 156 for such amendment by Senator Towe. The comments clarified the technical amendments and Senator Towe moved the amendments be adopted. It was voted unanimously to so do.

Senator Eck moved HB 156 BE CONCURRED IN, as amended. Senator McCallum made a substitute motion to place all other bills that have fiscal impact on the state revenues on the table until we get a better handle on it. Senator McCallum moved to table. He withdrew the table motion and made a motion we hold until we receive the revised fiscal note for HB 156. The motion carried unanimously.

DISPOSITION OF HOUSE BILL 561:

The chairman announced a letter had been sent to John Larson requesting the return of House Bill 561 so we could reconsider our actions. A motion was made to concur in HB 561. Motion carried unanimously.

DISPOSITION OF HOUSE BILL 13:

Senator Elliott said the amendments that were handed out yesterday were drafted and the Department of Revenue suggested some amendments.

ELLIOTT: The main change appears on page 2, sub-paragraph 6, where they extended time to 60 days from 30 days before the penalty will be imposed for late payment. When notice of late payment is sent out, the 30-days notice is used up pretty quickly and the recommendation was to extend to 60 days. I move the amendments. The amendments were voted unanimously.

Senator Norman made a motion the bill BE CONCURRED IN AS AMENDED. The vote was unanimous in favor.

DISPOSITION OF HOUSE BILL 63:

Ellen Feaver said she would try to come up with a fiscal note on HB 63.

March 25, 1981

MEMORANDUM

To: John W. Larson, Secretary of the Senate

Re: Adverse Committee Report on House Bill No. 561.

Dear Secretary Larson:

This letter requests return of the Adverse Committee Report and copy of House Bill No. 561, which was delivered to you by my committee secretary.

The reason for return of this bill is because the committee has this day voted to reconsider our action in adopting the Adverse Committee Report.

Sincerely yours,

Pat Goodover, Chairman
Senate Committee on Taxation

PG:paa

STANDING COMMITTEE REPORT

March 26 19 81

MR. PRESIDENT:

We, your committee on TAXATION

having had under consideration House Bill No. 561

Sivertsen (Goodover)

Respectfully report as follows: That House Bill No. 561

BE CONCURRED IN

~~DO PASS~~

PG

SEN. PAT M. GOODOVER, Chairman.

STATE PUB. CO.
Helena, Mont.